

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7119  
**COMPANY NAME** : DEGEM GROUP BERHAD  
**FINANCIAL YEAR** : December 31, 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 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 leads and has effective controls over the Group whereby collective decision and/or close monitoring are conducted on issues relating to strategy, performance, resources, standards of conduct and financial matters.</p> <p>Both the Board and the Management work cohesively to successfully formulate and implement the Group's business strategy.</p> <p>The Board will scrutinise the sustainability, effectiveness and implementation of the strategic plans for the financial year under review and provide guidance and input to the Management.</p> <p>The duties and responsibilities of the Board are encapsulated in the Board Charter which is available at the Company's website at <a href="http://www.degembhd.com/degem.html">http://www.degembhd.com/degem.html</a></p> <p>In discharging its overall duties and responsibilities, the Board and Board Committee undertook the following activities during the financial year ended 31 December 2018 :-</p> <p>(i) <u>Review the Company's business operations</u></p> <p>The management provide reports on the progress of the respective business operations and status for the deliberation by the Board.</p> <p>(ii) <u>Promote Good Corporate Governance Culture</u></p> <p>The Board's approach in discharging its Corporate Governance duties includes the following:-</p> <ol style="list-style-type: none"><li>1. Reviewed and approved the publication of Annual Report ; and</li></ol>

	<p>2. Reviewed and endorsed the proposed amendments to the Company's Constitution to be in line with the relevant regulatory changes.</p> <p>(iii) <u>Succession planning</u></p> <p>The Board delegated its duty on succession planning to the Nomination Committee. The Nomination Committee reviews the required mix of skills, experience and other requisite qualified of the Directors .</p> <p>(iv) <u>Development and implementation of shareholder communications policy</u></p> <p>Shareholders and stakeholders are updated with the performance and results of the Group through engagements and public release of the relevant information on the Company's corporate website at <a href="http://www.degembhd.com/degem.html">http://www.degembhd.com/degem.html</a></p> <p>To ensure the effective discharge of its function and responsibilities, the Board has delegated specific tasks to 3 Board Committees namely the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. The Board Committees have the authority to act on behalf of the Board as laid out in the Terms of Reference and report to the Board. The ultimate responsibility for the final decision on all matters deliberated in these Committees, however, lies with the Board.</p>
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Dato' Hasan bin M. Taib was appointed as the Independent Non-Executive Chairman ("Chairman") of DeGem Berhad ("DeGem").</p> <p>The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter, which is available on the Company's website at <a href="http://www.degembhd.com/degem.html">http://www.degembhd.com/degem.html</a></p> <p>The key responsibilities undertaken by the Chairman includes the following:-</p> <ul style="list-style-type: none"><li>(i) Monitor the workings of the Board, especially the conduct of Board meetings to ensure that no Board member, whether Executive or Non-Executive, dominates the discussion, and that appropriate discussion takes place and that relevant opinion among the Board members are forthcoming;</li><li>(ii) Ensure that quality information to facilitate decision-making is delivered to the Board on a timely basis;</li><li>(iii) Encourage all Directors to play an active role in Board activities;</li><li>(iv) Chair General Meetings of shareholders and to ensure effective communication with shareholders and relevant stakeholders;</li><li>(v) Provides leadership to the Board so that the Board can perform its responsibilities effectively;</li><li>(vi) Communicates with the Management from time to time to ensure the Group complies with all relevant laws and regulations; and</li><li>(vii) Leads the Board in establishing and monitoring good Corporate Governance practices in the Group.</li></ul> <p>The Chairman with the assistance of the Company Secretary sets the board agenda for each meeting based on the dates of scheduled Board meetings in the annual meeting calendar, and the same is circulated to the Board Members accordingly.</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 Group aims to ensure a balance of power and authority between the Chairman and the Chief Executive Director ("CED") with a clear division of responsibility between the running of the Board and the Company's business respectively.</p> <p>The role of the Independent Non-Executive Chairman and the Chief Executive Director ("CED"), Mr. Choong Kai Fatt are distinct and separate to ensure that there is a balance of power and authority. The Chairman of the Board is responsible for instilling good Corporate Governance policies, leaderships and marshalling the effective functioning of the Board. The CED is responsible for implementation of the policies, strategies and decisions adopted by the Board as well as day-to-day management of the Company's operations and shall adhere to the guidelines and instructions provided 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

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board had appointed a qualified Company Secretary who is a member of the Malaysian Institute of Accountants and is qualified to act as Company Secretary under Section 235(2) of the Companies Act, 2016.</p> <p>The Company Secretary manages all Board and Board Committee meeting logistics, attending and recording minutes to ensure that deliberations at Board and Board Committee meetings are well documented and facilitate Board communications.</p> <p>The Company Secretary play an advisory role to the Board, particularly with regards to the Company's Corporate Governance best practices and its compliance with regulatory requirements, codes, guidance and legislations.</p> <p>During the Annual General Meeting/ Extraordinary General Meeting, the Company Secretary will assist the Chairman and the Board to conduct the meeting and ensure the minutes are properly recorded, particularly, questions raised by the shareholders.</p> <p>During the FYE 2018, the Company Secretary undertook continuous professional development by attending the following seminars and trainings:-</p> <ul style="list-style-type: none"><li>(i) MIA International Accountants Conference – Riding the Digital Wave, Leading Transformation;</li><li>(ii) MAICSA Annual Conference 2018; and</li><li>(iii) Introduction to MBRS by SSM.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is provided with appropriate information and comprehensive Board papers 7 days prior to Board meetings to ensure that the Directors have sufficient time to peruse and information to make an informed decision at each Board meeting.</p> <p>Management is invited to attend the Board and Committees meetings and to brief and provide explanations to the Directors and Committee members on the operations of the Group. Upon conclusion of the meeting, minutes are circulated in a timely manner.</p> <p>Annual meeting calendar which provides details of scheduled dates for meetings of the Board, Board Committees and the Annual General Meeting are given to the Directors at the beginning of the year. The Directors also receive notifications on closed end periods for dealings in securities based on the targeted dates of announcements of the Group's quarterly results.</p> <p>The Notice of Board meetings are sent to the Directors via email and hard copy at least 7 working days prior to a meeting. The same notification is sent to the Management, which includes the deadlines for submission of meeting materials for the Management's easy reference.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by the Group’s Board Charter which sets out a list of specific functions that are reserved for the Board.</p> <p>The Board Charter serves as a primary reference for prospective and existing Board members of their fiduciary duties as Directors of DeGem, and the functions of the Board Committees as well as the Boards of the respective subsidiary companies within the Group.</p> <p>The Board will review the Board Charter annually to keep it up to date and consistent with the Board’s objectives and responsibilities.</p> <p>Key matters reserved for the Board’s approval includes managing conflict of interest issues in relation to a substantial shareholder or a Director, material acquisitions and disposition of assets not in the ordinary course of business, approval of corporate plans, programmes, new ventures and investments and treasury policies.</p> <p>The Board Charter is available at the Company’s website at <a href="http://www.degebhd.com/degem.html">http://www.degebhd.com/degem.html</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has adopted the Code of Ethics and Conduct ("Code") on 19 November 2012. The Code outlines the standards of business conduct and ethical behaviors of Directors and employees of the Group in the performance and exercise of their duties when representing the Group. The Code covers conflict of interest, confidentiality of information, insider information and securities trading, protection of assets, business records and control, compliance to laws, personal gift and contribution, health and safety, sexual harassment, outside interest, fair and courteous behaviour and misconduct. A summary of the Code is available at the Company's website at <a href="http://www.degembhd.com/degem.html">http://www.degembhd.com/degem.html</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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted the Whistle Blowing Policy (“WP”) on 19 November 2012.</p> <p>The WP was established to provide an avenue to employees, shareholders and stakeholders to raise concerns and take appropriate action to resolve them effectively.</p> <p>If any employee believes reasonably that malpractice exists in the work place, the employee should report this immediately to the line manager. However, if for any reasons the employee is reluctant to do so, then the employee should report the concerns directly to the Senior Independent Non-Executive Director, being the Director identified in the Company’s Annual Report as one to whom concerns may be conveyed: -</p> <p>Name : Mr. Leou Thiam Lai E-mail : whistleblower@degemdiamond.com Attention : Senior Independent Non-Executive Director</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 4.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>DeGem Board has 8 members comprising 4 Executive Directors and 4 Non-Executive Directors whom are independent.</p> <p>The composition of the Board is well balanced and complies with the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa”) that require at least 2 directors or 1/3 of the total number of directors, whichever is the higher, must be independent.</p> <p>During the financial year ended 31 December 2018, an assessment of independence of the Independent Non- Executive Directors are conducted on an annual basis via Independent Director Self-Assessment Questionnaires.</p> <p>Based on the outcome of the evaluation done at the 4<sup>th</sup> quarter of 2018 the Independent Non- Executive Directors had declared that they are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.</p> <p>The Independent Non- Executive Directors are free to meet without the presence of management on a regular basis whereby they can candidly share concerns about the Group and exchange views on potential improvements in governance.</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

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>	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
<b>Explanation on application of the practice</b>	:	<p>Mr. Leou Thiam Lai was appointed on 21 May 2001 and has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years. As such, the authority be hereby given to him to continue to act as an Independent Non-Executive Director of the Company and would be subject to shareholders' approval at the forthcoming 22<sup>nd</sup> Annual General Meeting of the Company.</p> <p>Datuk Zainun Aishah binti Ahmad was appointed to the Board on 1 August 2007 and has served as an Independent Non-Executive Director of the Company for a cumulative of more than 9 years. As such, the authority be hereby given for her to continue to act as an Independent Non-Executive Director and would be subject to shareholders' approval at the forthcoming 22<sup>nd</sup> Annual General Meeting of the Company.</p> <p>The Nomination Committee and the Board have assessed and reviewed the performance and independence of both directors and believed that their length of service on the Board does not in any way interfere with their exercise of independent judgement. Moreover, the insights and knowledge of the Group's core business operations acquired during their term of office would continue to enable them to discharge their duties and roles as an Independent Director effectively.</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 4.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board and the Nomination Committee takes into account the Board diversity, including gender, ethnicity, age, experience and skill, to the effective functioning of the Board.</p> <p>The Board recognise a diverse Board in DeGem could provide unique insights and broaden Degem's knowledge networks, bringing their varied perspectives to bear on the complex decision-making process that occurs at Board Level as compared to non-diverse Board whilst the diversity of Senior Management will lead to better discussions.</p> <p>The appointment of Key Senior Management was also made with due regard for diversity in skills, experience, age, cultural background and gender. The detailed particulars of Directors and Key Senior Management are provided on pages 12 to 14 of the Annual Report 2018.</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>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board is supportive of gender diversity in the Board composition and Senior Management. Women candidate were sought as part of the recruitment exercise of new Director of the Company. A female Director, Datuk Zainun Aishah binti Ahmad was appointed on 1 August 2007. The Board believes in and provides equal opportunities to candidates who have the skill, expertise, core competencies regardless of gender.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee (“NC”) carries out its responsibilities in respect of the nomination, selection and appointment process in DeGem’s Board under the relevant laws and regulations on the matter.</p> <p>To ensure that Directors have sufficient time to fulfil their roles and responsibilities effectively, the criterion as agreed by the Board for determining candidates for potential Directors is that they must not hold directorships of more than 5 Public Listed Companies (as prescribed in Paragraph 15.06 of the MMLR of Bursa Securities).</p> <p>There were no new appointment of Directors during the financial year ended 31 December 2018. The Board will utilise independent sources to identify suitably qualified candidate for future candidate of Directors.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee (“NC”) was established on 22 April 2002. The objective of this NC is to ensure that there is a formal and transparent procedure for the appointment of new Directors to the Board and for the performance appraisal of Directors. Meetings of the NC are held as and when necessary, and at least once a year.</p> <p>The members of the NC, comprising exclusively of Non-Executive Directors, a majority of whom must be independent, are as follows:-</p> <p>Chairman:           Datuk Zainun Aishah Binti Ahmad <i>(Independent Non-Executive Director)</i></p> <p>Member:            Leou Thiam Lai <i>(Senior Independent Non-Executive Director)</i>                           Dato’ Koh Hong Sun <i>(Independent Non-Executive Director)</i></p> <p>The Terms of Reference of the NC is available at the Company’s website at <a href="http://www.degembhd.com/degem.html">http://www.degembhd.com/degem.html</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Stakeholders are able to 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>During the year under review, evaluation of the effectiveness of the Board, Board Committees as well as individual Directors including Independent Director was conducted in-house under the purview of the Nomination Committee and facilitated by the Company Secretary.</p> <p>The evaluation criteria for the Board, Board Committees and individual Directors are primarily anchored on regulatory enumerations and emerging best practices of MCCG as the method of evaluation.</p> <p>Below is a summary of the activities undertaken by the Nomination Committee for the financial year ended 31 December 2018: -</p> <ul style="list-style-type: none"><li>(i) Reviewed and assessed the mix of skills, experience, competency and size of the Board;</li><li>(ii) Reviewed and assessed the performance, and made recommendations to the Board for its approval, regarding the Directors who are seeking for election at the upcoming AGM;</li><li>(iii) Reviewed the succession plan for the Board members;</li><li>(iv) Assessed the overall Board and the Board Committees' performance and effectiveness as a whole;</li><li>(v) Reviewed and assessed the independence of Independent Directors and their tenure of service;</li><li>(vi) Assessed Directors' training needs to ensure all Directors receive appropriate continuous training programmes;</li><li>(vii) Reviewed and assessed the term of office and performance of the Audit Committee and each of its members;</li></ul>
<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 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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a formal and transparent process for approving the remuneration of the Board and Board Committees, the Managing Director and Executive Directors</p> <p>The remuneration policy is periodically reviewed by the Remuneration Committee ("RC") prior to making its recommendations to the Board for approval. In its review, the RC considers various factors including the Non-Executive Directors ("NEDs")' fiduciary duties, time commitments expected of them and the Company's performance.</p> <p>The RC reviews the remuneration policy for the members of the Board, Board Committees, the Managing Director and Executive Directors and recommends to the Board for approval.</p> <p>The Board is mindful that fair remuneration is critical to attract, retain and motivate the Directors of the Company as well as other individuals.</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 level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

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

## Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Remuneration Committee ("RC") on 22 April 2002, which comprise of a majority of Independent Non-Executive Directors: -</p> <p>Chairman: Dato' Koh Hong Sun <i>(Independent Non-Executive Director)</i></p> <p>Member: Datuk Zainun Aishah Binti Ahmad <i>(Independent Non-Executive Director)</i></p> <p>Member: Leou Thiam Lai <i>(Senior Independent Non-Executive Director)</i></p> <p>Member: Choong Kai Fatt <i>(Executive Director)</i></p> <p>Member: Choong Khoi Onn <i>(Executive Director)</i></p> <p>The RC is entrusted under its Terms of Reference to assist the Board, amongst others, to recommend to the Board the remuneration of Executive Directors by linking rewards to the corporate and individual performance. The RC shall ensure that the level of remuneration is sufficient to attract and retain Directors of the quality required to manage the business of the Group. In the case of Non-Executive Directors, the level of remuneration is determined in accordance with their experience and the level of responsibilities assumed and is determined by the Board as a whole.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 7.1

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

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	The detailed disclosure on named basis for the remuneration of individual directors are set out in the Corporate Governance Overview Statement at page 38 of the Annual Report 2018.	
<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> :	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b> :	Choose an item.	

### Intended Outcome

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

### Practice 7.2

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>	:	Please provide an explanation for the departure.								
<b>Explanation for departure</b>	:	<p>Details of the remuneration of each Key Senior Management on named basis is not disclosed due to confidentiality reasons and such disclosure may be prejudicial to the Company's business interests given that poaching of qualified Senior Management is common.</p> <p>As an alternative, details of Key Senior Management whose remuneration falls within successive bands of RM50,000 is set out below: -</p> <table border="1"> <thead> <tr> <th>Range of Remuneration</th> <th>Number of Key Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM100,000 to RM150,000</td> <td>1</td> </tr> <tr> <td>RM150,000 to RM200,000</td> <td>1</td> </tr> <tr> <td>RM250,000 to RM300,000</td> <td>1</td> </tr> </tbody> </table> <p>The Board is of the view that the transparency and accountability aspects of the MCCG 2017 on disclosure of the remuneration are appropriately served by the above remuneration disclosures in bands of RM50,000.</p>	Range of Remuneration	Number of Key Senior Management	RM100,000 to RM150,000	1	RM150,000 to RM200,000	1	RM250,000 to RM300,000	1
Range of Remuneration	Number of Key Senior Management									
RM100,000 to RM150,000	1									
RM150,000 to RM200,000	1									
RM250,000 to RM300,000	1									
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>										
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.								
<b>Timeframe</b>	:	Choose an item.								

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Risk &amp; Management Committee ("ARMC") was established to assist the Board of Directors ("the Board") with the primary objective of providing an additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, establishing and maintaining internal controls, reinforce the independence of the Company's External Auditors, evaluate the quality of the Internal Auditors and oversee compliance with laws and regulations together with observance of a proper code of conduct.</p> <p>The present composition of the ARMC consists of 3 members of the Board, all of whom are Independent Non- Executive Directors: -</p> <p>Chairman of ARMC : Leou Thiam Lai <i>(Senior Independent Non-Executive Director)</i></p> <p>Members of ARMC : Datuk Zainun Aishah Binti Ahmad <i>(Independent Non-Executive Director)</i></p> <p>Members of ARMC : Dato' Koh Hong Sun <i>(Independent Non-Executive Director)</i></p> <p>The Chairman of ARMC is not the Chairman of the Board.</p> <p>The Terms of Reference of the ARMC can be viewed on the Company's website at <a href="http://www.degembhd.com/degem.html">http://www.degembhd.com/degem.html</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Terms of Reference of ARMC was updated to follow the recommendations in MCCG 2017 to have a policy that requires a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the Audit Committee.</p> <p>None of the members of the Board were former key audit partners. Hence, no member of the ARMC appointed was a former key audit partner.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the financial year ended 31 December 2018, the ARMC reviewed and endorsed the External Auditor's, Baker Tilly Monteiro Heng ("Baker Tilly") presentation which are as follows: -</p> <p>(i) Audit Plan 2018 which outlined its engagement team, audit approach, audit timeline, the areas of audit emphasis, and their focus on Key Audit Matters with reference to the International Standard on Auditing 701; and</p> <p>(ii) Audit Review Memorandum for the financial year ended 31 December 2018 which highlights the Key Audit Matters and Significant Audit Findings identified during the audit, matters for control improvements, significant outstanding matters;</p> <p>The ARMC conducts an annual assessment of the External Auditors via a questionnaire covering areas such as on the quality of audit, performance, competency and sufficiency of resources of the External Audit team provided to the Group.</p> <p>Based on the outcome of its assessment, the Board had on February 2019 approved the ARMC's recommendation for the shareholders' approval to be sought at the 22<sup>nd</sup> AGM on the appointment of Baker Tilly as External Auditors of the Company for the financial year ending 31 December 2019.</p> <p>The ARMC was also satisfied in its review that the provision of the non-audit services by Baker Tilly to the Company and the Group for the financial year ended 31 December 2018 did not in any way impair their objectivity and independence as External Auditors of DeGem.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit & Risk Management Committee members of DeGem is solely comprise of Independent Directors.

## 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>Mr Leou Thiam Lai, the Chairman of the Audit &amp; Risk Management Committee is a Chartered Accountant of the Malaysian Institute of Accountants, Fellow member of the Chartered Association of Certified Accountants (UK) and a Fellow member of the Chartered Tax Institute of Malaysia (formerly known as Malaysian Institute of Taxation). He set up his own Chartered Accountants firm, Leou &amp; Associates, in 1988 and Associates PLT, in 2015. He serves as a partner of both the firm.</p> <p>Accordingly, this meets the requirements of Paragraph 15.09(1)(c) of the Main Market Listing Requirement of Bursa Securities.</p> <p>Datuk Zainun Aishah binti Ahmad, holds an Honours Degree in Economics from University Malaya. In her 35 years of service in Malaysia Industrial Development Authority ("MIDA"), she has held various key positions in MIDA as well as in some of the country's strategic council, notably her pivotal role as National Project Director in the formulation of Malaysia's First Industrial Master Plan and as a member of the Industrial Coordination Council in the implementation of the Second Industrial Master Plan. She was the Director-General of MIDA for 9 years and Deputy Director-General for 11 years. Whilst in MIDA, she was also a member of the Industrial Coordination Act Advisory Council, Defense Industry Council and National Committee on Business Competitiveness Council.</p> <p>Dato' Koh Hong Sun, graduated with a Master Degree in Strategic and Security Studies from Universiti Kebangsaan Malaysia. He had a distinguished career with the Royal Malaysia Police ("RMP") for almost 40 years, having joined RMP as a Probationary Inspector in 1971 and retired in October 2010 as the Director of Commercial Crime Investigation Department. During the period as an officer of the RMP, he had held various important command posts, including as Commandant of The Police Training Centre in Kuala Lumpur, Assistant Director NCB Interpol, Officer-in-Charge of Brickfields Police District,</p>

	<p>Federal Traffic Chief, Deputy Chief Police Officer of Johor, Chief Police Officer of Penang and Commissioner of Police as Director of Commercial Crime Investigation Department.</p> <p>The Chairman of the ARMC are financially literate, and with the vast experience of the members of ARMC sitting in various Public Listed Companies ,the Audit &amp; Risk Management Committees had discharged their functions, duties and responsibilities in accordance with the ARMC’s Terms of Reference and supported the Board in ensuring the Group upholds appropriate Corporate Governance standards.</p> <p>All members of the ARMC are mindful that they should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>The composition of the ARMC, its Terms of Reference, attendance of meetings by the individual members and the summary of activities are set out in the ARMC Report on pages 45 to 47 the Annual Report 2018.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>		
<p><b>Timeframe</b></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 9.1

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 has formalised an Enterprise Risk Management ("ERM") framework which explains the company's underlying approach to risk management, documents the roles and responsibilities of the Board, Audit Committee, and other key parties. It also outlines key aspects of the risk management process and identifies the main reporting procedures.</p> <p>In addition, the ERM framework describes the process that the Board will use to evaluate the effectiveness of the Company's internal control procedures.</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 9.2

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 with the assistance of the out-sourced internal audit function has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board.</p> <p>The Statement on Risk Management and Internal Control is set out in the Annual Report which provides an overview on the state of risk management and internal controls within the Group.</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>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company outsourced its Internal Audit (“IA”) function to Governance &amp; Advisory Solutions Sdn. Bhd.</p> <p>Governance &amp; Advisory Solutions Sdn. Bhd. is an independent firm which are able to perform its duties in an objective manner and provide impartial advice directly to Audit Risk &amp; Management Committee (“ARMC”)</p> <p>To ensure that the responsibilities of Internal Auditors are fully discharged, the ARMC:-</p> <ul style="list-style-type: none"> <li>(i) ensure that the person responsible for the internal audit has relevant experience, sufficient standing and authority to discharge his function effectively.</li> <li>(ii) review the internal audit plan, processes and results of the internal audit assessment,</li> <li>(iii) review any appraisal or assessment of the performance of members of the internal audit function;</li> <li>(iv) approve any appointment or termination of senior staff members of the internal audit function; and</li> <li>(v) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reason for resigning;</li> <li>(vi) ensure the internal audit has sufficient resources to carry out its role effectively.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Companies 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 Audit &amp; Risk Management Committee (“ARMC”) assessed and are satisfied on the credential of Governance &amp; Advisory Solutions Sdn. Bhd. prior to the engagement of the firm as its Internal Auditors. The ARMC was satisfied that Governance &amp; Advisory Solutions Sdn. Bhd. is a reputable firm with vast exposure and having adequate resources and expertise in internal audit, for its appointment as the new Internal Auditors of the Group. It also believed that the internal audit personnel are free from any relationships or conflicts of interest with the Group, which could impair their objectivity and independence.</p> <p>The Internal Auditors reports directly to the ARMC on its activities based on the approved annual Internal Audit Plans. Its principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes.</p> <p>During the financial year under review, the Internal Auditors carried out a review on:-</p> <ul style="list-style-type: none"> <li>• DeGem Berhad and its subsidiaries : Internal Audit Review on Revenue Cycle (HQ);</li> <li>• DeGem Masterpiece Sdn. Bhd. : Internal Audit Review on Retail Audit on one outlet – Bangsar Baru;</li> <li>• DeGem Berhad and its subsidiaries: Follow up Audit Report on Inventory Management, Revenue Cycle and Retail Audit on one outlet;</li> <li>• DeGem Berhad and its subsidiaries: Internal Audit Review on Purchasing</li> <li>• DeGem Berhad and its subsidiaries: Follow up Audit Report on Inventory Management and Revenue Cycle</li> </ul> <p>The findings of their audits were tabled at the ARMC meeting for deliberation.</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>	:	<p>The Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Information is disseminated through various disclosures and announcements made to the Bursa which includes the quarterly financial results, audited financial statements and Annual Reports. This information is also electronically published at the Bursa Securities' and the Company's website at <a href="http://www.bursamalaysia.com">http://www.bursamalaysia.com</a> and <a href="http://www.degembhd.com/degem.html">http://www.degembhd.com/degem.html</a> respectively and it is accessible by public.</p> <p>a) Bursa Malaysia Securities Berhad The Company releases all material information publicly through Bursa Malaysia Securities Berhad and the shareholders and the public in general may obtain such announcements and financial information from the website of Bursa Malaysia Securities Berhad.</p> <p>b) Company Website The Company's website, <a href="http://www.degembhd.com/degem.html">http://www.degembhd.com/degem.html</a>, incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by for both shareholders and the public. This Investor Relations section enhances the Investor Relations function by including all announcements made by the Company.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 11.2**

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>	:	The Board is mindful on the benefit of integrated reporting which is applicable for Large Companies. As DeGem is not under the category of Large Companies, the Board had not adopted the Integrated Report.	
		Presently, the Annual Report provides a fairly comprehensive overview on the Group's financial and non-financial information including the outlook and prospect of the Group to shareholders and stakeholders.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board is endeavour to dispatch its notice of Annual General Meeting (“AGM”) at least 28 days before the meeting and are mindful that the sufficient notice and time given would allow the shareholders to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney. This would also enable the shareholders to properly consider the resolutions that will be discussed and decided at the meeting.	
<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>	:	The Board took note that the presence of all directors will provide opportunity for shareholders to effectively engage with each Director. Besides, having the chair of the Board subcommittees present facilitates these conversations and allows shareholders to raise questions and concerns directly to those responsible. Accordingly, barring unforeseen circumstances, all directors as well as the Chairman of respective Board Committees (i.e. Audit & Risk Management Committee, Nomination Committee, Remuneration Committee) will be present at the forthcoming AGM of the Company to enable the shareholders to raise questions and concerns directly to those responsible.	
<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>	:	Departure	
<b>Explanation on application of the practice</b>	:	.	
<b>Explanation for departure</b>	:	The Board assessed and of the opinion that meetings in remote locations is not necessary and costly to the Company in view of the current numbers of shareholders of the Company. Furthermore, the Company's AGM was held in the city centre and not in any remote location.	
		In line with the Practice 12.3 of the MCCG 2017 in promoting electronic voting, the Board will consider adopting electronic voting taking into consideration the following advantages of electronic voting:- <ul style="list-style-type: none"><li>• more accurate and transparent voting results;</li><li>• shorter turnaround time for declaration of results;</li><li>• making voting more accessible even for the disabled;</li><li>• reduce administrative cost and paper work; and</li><li>• remove the need for physical ballot papers.</li></ul>	
<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  
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA  
MALAYSIA**

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

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