

CORPORATE GOVERNANCE REPORT

STOCK CODE : 2925
COMPANY NAME : Cycle & Carriage Bintang Berhad
FINANCIAL YEAR : December 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

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").</p> <p>The Board, which consist of all non-executive directors, plays an active oversight role on the management of the business and affairs of the Group to ensure that management proposals are reviewed, challenged and deliberated prior to implementation.</p> <p>Notwithstanding, certain specific responsibilities are delegated to the audit, remuneration and nominating committees, these committees only recommend their final decision to the Board. Therefore, the final decision still lies with the entire Board, who have fiduciary duties and are required to act in the best interest of the company.</p> <p>The authorities of the Board in relation to the conduct of the Board, remuneration, operation and finance are specified in Appendix A of the Board Charter. A copy of the Board Charter is made available on the Company's website.</p> <p>Further, being a subsidiary of Jardine Cycle & Carriage Limited ("JCCL"), a public company listed on the Singapore Exchange and member of the Jardine Matheson Group, the Group's business strategies and plans 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</p>

	personnel during the annual assessment process.	
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	:	<p>Mr. Chan Tze Choong Eric ("Mr. Eric Chan") is the current Chairman of the Board.</p> <p>He was appointed as the Chairman and Non-Independent Non-Executive Director of the Company with effect on 1 May 2019. Prior to that, he was the alternate director to Mr. Haslam Preston, the preceding Chairman up till 30 April 2020.</p> <p>As the Chairman of the Board, Mr. Eric Chan 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.</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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman is responsible for representing the Board to shareholders, ensuring the integrity and effectiveness of the governance process of the Board and having oversight role over the management's proposal. On the other hand, the Chief Executive Officer is responsible for the overall operational matters.</p> <p>Having regard to the different responsibilities held by these 2 positions, the positions of Chairman of the Board and CEO of the Company are held by different individuals to ensure proper check and balance are in place and that the discussion and decision making process at the Board level is not influenced.</p> <p>Mr. Haslam Preston was the Chairman of the Board during the period from 1 January 2019 to 30 April 2019. Following Mr. Haslam's resignation, Mr. Eric Chan took over as Chairman with effect from 1 May 2019.</p> <p>The role of CEO during the year 2019 was held by Mr. Wilfrid Foo.</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	:	
<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

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	:	<p>There is no change of Company Secretaries during the year 2019.</p> <p>Mr. Yeap Kok Leong, Ms Lim Hooi Mooi and Ms Ong Wai Leng of Tricor Corporate Services Sdn Bhd continued to be the Company Secretaries of the Company. They are qualified Company Secretaries and are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>They are responsible for ensuring that the Board and Management are advised and kept updated on the applicable laws, rules and procedures governing the Group 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.</p> <p>Further, a Company Secretary attends every Board meetings, Board Committees' meetings and general meeting of the Company to record minutes of the meetings and guide the Board on secretarial related matters.</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 1.5

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The dates of the quarterly Board meetings and annual general meetings are determined at the end of the preceding year to ensure that all directors' and key management are able to attend these meetings. The Notice of Board Meetings and meeting materials are typically circulated 5 days before the date of the meeting.</p> <p>However, following the Company's receipt of the offer letter from JCCL on 11 November 2019 requesting for the Company to undertake a selective capital reduction and repayment exercise ("Proposed SCR"), a few special board meetings were held to discuss the financial projections required by the independent adviser, Affin Hwang Investment Bank Berhad, for it to evaluate the offer.</p> <p>Due to the tight timeframe prescribed under the Take-Overs, Mergers and Compulsory Acquisition Rules of the SC for such Proposed SCR exercise, these board meetings were called on an urgent basis and therefore, the Management is unable to circulate the meeting materials at least 5 business days prior to the meeting date. For these special Board meetings, the Management only able to circulate the meeting materials a day or two prior to the meetings.</p> <p>The 1st draft of the minutes of meetings are typically circulated by the Company Secretaries within 2 weeks for review.</p> <p>In the case of the Special Board Meetings that were held during 2019, the Management and advisors for the Proposed SCR briefed Board via conference-calls and emails on the agenda and background of the matters to be discussed at those meetings prior to the meetings.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:	Choose an item.	

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	:	<p>The Company has in place a Board Charter that sets out, amongst others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationships of Board with the Company's management and shareholders.</p> <p>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 and the next review is due in February 2021.</p> <p>A copy of the Board Charter is 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

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	:	<p>Directors are required to comply with the Directors' Code of Best Practice, set out in the Board Charter, which amongst others includes the declaration of any personal, professional or business interests, direct or indirect which may conflict with Directors responsibilities as a Board Member and to refrain from voting on such transaction with the Group.</p> <p>The Group adopts the Jardine Matheson Group's Code of Conduct policy ("JM CoC") and Jardine Cycle & Carriage's Direct Motor Interest Code of Conduct Compliance Principles ("DMI CoC") which requires that all companies and all businesses comply with the general law, with all rules and regulations applicable to particular businesses and with proper standards of business conduct. A copy of the JM CoC and DMI CoC are made available on the Company's website and disseminated to all its employees through the internal communication platform (Workplace by Facebook).</p> <p>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. The Group's Human Resource Department conduct training on the JM CoC for all employees with a refresher course conducted bi-annually. Further, on a quarterly basis, the Group's Finance Department will report to JCCCL on matters of serious concern involving CCB Group.</p>
Explanation for departure	:	

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

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), the JM CoC and the DMI CoC.</p> <p>All of the aforesaid policies 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	:	<p>Currently, there are four (4) Directors on the Board (excluding the two (2) alternate directors).</p> <p>2 out of the 4 Directors, namely Ms. Tang Saw Hua and Mr. Anthony Albert Collingridge, are Independent Non-Executive Directors.</p> <p>An annual assessment on the independence of the Board is conducted and both the Independent Non-Executive Directors confirmed that they are independent as per the requirement under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</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 4.2

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	:	The Board does not have any member whose tenure exceeds a cumulative term limit of nine (9) years.	
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	:	Applied
Explanation on adoption of the practice	:	This policy is set out in Board Charter of the Company. Applying the principle in MCGG, if the Board intends to retain an independent director beyond 9 years, it should justify and seek annual shareholders' approval and the shareholders' approval will be sought for such retention through a 2-tier voting process.

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 as well as diversity in skills, experience, age, cultural background and gender.</p> <p>The NC will assess the effectiveness and independence of the Board and the Senior Management including the CEO. A yearly assessment of the Board members and CEO would be carried out.</p> <p>From diversity perspective, the current Board and Key Management 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 and Key Management 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	:	<p>Notwithstanding the Board does not have an established policy (or targets or measures), 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.</p> <p>This is evident through the composition of the Board since 2016, where at least 30% of the Board consists of female Directors.</p> <p>This commitment is disclosed in the Company's Board Charter, a copy of which is made available on the Company's website.</p> <p>As at 31 December 2019, 50% of the Board consists of female Directors, namely Ms. Rossana Annizah binti Ahmad Rashid and Ms. Tang Saw Hua.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>It is the Group's policy that 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 may also rely on other independent sources such as industry associations and open advertisements to shortlist suitable candidates, if required.</p> <p>In 2019:</p> <p>(i) The alternate director to Puan Rossana Annizah Binti Ahmad Rashid who is a non-independent and non-executive director, Teng Wei Ann Adrian, resigned on 31 March 2019. He was succeeded by Kent Teo on 1 July 2019; and</p> <p>(ii) the chairman of the Company, Haslam Grey Preston, resigned on 30 April 2019. He was succeeded by his alternate, Chan Tze Choong Eric on 1 May 2019 and the position of alternate director to the Chairman was filled by Chan Kim Kooi on 1 July 2019.</p> <p>As the aforesaid members of the Board are representatives of JCCL, they were recommended to the NC by JCCL. Notwithstanding they were recommended by JCCL, the NC went through the assessment process to determine whether they are fit and qualified to take on these roles. In its assessment prior to recommendation to the Board for approval, the NC had taken into consideration their qualification, experience, age and skills.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The current Chairman of the Nominating Committee is Mr. 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. 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.</p> <p>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. Thereafter, the findings of the NC are also tabled to the Board for 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 Board consist of only Non-Executive Directors.</p> <p>In accordance with the Constitution of the Company, the remuneration of Non-Executive Directors shall be by fixed sum. It consist of fixed Directors' fee and Board Committees' fee per annum and reimbursement of reasonable expenses for every Board or Board Committees' meeting attended.</p> <p>According to Section 230 of the Companies Act 2016, the fees and any benefits payable to the directors including any compensation for loss of employment of a directors of a listed company and its subsidiaries shall be approved at a general meeting.</p> <p>Although the Company does not have specific remuneration policy for senior management remuneration (base salary and bonuses), the Company has in place a framework to guide the Remuneration Committee ("RC") in evaluating the Senior Management's remuneration package to recommend to the Board. Thereafter, the RC's recommendation on remuneration packages for CEO and Senior Management is tabled to the Board as a whole for deliberation and approval.</p> <p>The remuneration structure is detailed out in the Corporate Governance Overview Statement contained in the Annual Report. A copy of the Annual Report is made available on the Company's website.</p>
Explanation for departure	:

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

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

Intended Outcome

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	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	:		
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	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of the Chairman of the Board and Chairman of the Audit Committee ("AC") are held by different individuals.</p> <p>The role of Chairman of the Board during the period from 1 January 2020 up to 30 April 2019 was held by Mr. Haslam Preston. He was succeeded by Mr. Chan Tze Choong Eric with effect from 1 May 2019. The role of the Chairperson of the AC was held by Ms. Tang Saw throughout the entire 2019.</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 of Bursa Malaysia Securities Berhad ("MMLR") 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	:	Applied	
Explanation on application of the practice	:	<p>This policy is set out in the Audit Committee Terms of Reference in the Company’s Board Charter.</p> <p>Further, no former key audit partner of the present and previous external auditors has been appointed to the Board or employed by the Company during the year 2019.</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	:	Choose an item.	

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 on an annual basis 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	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>All members of the AC are financially literate and they keep abreast of the relevant accounting/auditing standards by meeting with the Company's external auditors and by attending various training/seminars throughout the year.</p> <p>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.</p> <p>An annual assessment of the AC is carried out to evaluate the performance of the AC with a view to maximising the performance of the AC in the interest of the Company.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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. 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	:	

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 Group's internal audit function is performed by Jardine Matheson Group Audit and Risk Management ("GARM") which is an independent function within the Jardine Matheson Holdings Limited to assess the adequacy of internal controls and to monitor if established controls are operating effectively. Functionally, GARM reports periodically to the Audit Committee on the general control environment of the Group and GARM has unrestricted access to the Audit Committee.</p> <p>GARM has performed the following activities:</p> <ol 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; and v. Updating the AC on the internal audit plan on quarterly basis. <p>Internal audit scope covered during the financial year ended 31 December 2019 was in relation to significant units and operations of the Group, various computer application systems and network of the Group.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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, announcements released to Bursa Malaysia Securities Berhad on quarterly financial results, changes in corporate information, corporate exercises etc., annual report, corporate governance report, 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	:		
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.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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	:	<p>The notice period given for the Company's 51st AGM held on 23 April 2019 was more than 28 days. The notice was sent on 25 March 2019 and the date of the 51st AGM was 23 April 2019.</p> <p>The notice period given was well in advance of the 21-day requirements under the Companies Act and the MMLR. The additional time given to the shareholders provided them time to peruse the annual report, to consider the resolutions that were tabled at the AGM, as well as to make arrangement to attend the AGM or to appoint proxies to attend on their behalf.</p> <p>The explanatory notes contained in the notice of the AGM provided explanation on the resolutions proposed as Special Business to brief the shareholders of the proposals and to assist them to make informed decision in exercising their voting rights.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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 were present at the 51st AGM of the Company held on 23 April 2019 to address questions from shareholders and proxies.</p> <p>During the questions and answers (Q&A) session of the general meetings, the Chairman of the Meeting invited shareholders to raise questions pertaining to the agenda and resolutions tabled before putting them for voting. Apart from the Directors, the Chief Executive Officer and Chief Financial Officer, management and External Auditors were in attendance to respond to the shareholders' queries on operational matters.</p> <p>In addition, the Company's External Auditors, Messrs PricewaterhouseCoopers PLT also attended the said 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	:	Departure
Explanation on application of the practice	:	-
Explanation for departure	:	<p>In accordance with Paragraph 8.29A of the MMLR, all resolutions set out in the notice of the 51st AGM were put to vote by electronic polling. The voting results were validated and presented to the shareholders at the AGM itself. This practice will be adopted in the upcoming 52nd AGM in April 2020.</p> <p>Electronic voting devices were issued by the polling and administration agent upon shareholders' or proxies' registration at the AGM. At the start of the general meeting prior to the resolutions being put to vote, a tutorial on how to use the electronic polling device was conducted. Further, the polling agent also conducted a dry run on the use of the polling device to ensure that all shareholders and proxy holders were familiar with the electronic voting device.</p> <p>Shareholders and proxies were given 15 seconds to cast their votes for each resolution. The voting results of all votes cast in respect of each resolution was instantaneously displayed on-screen at the meeting.</p> <p>Independent Scrutineer was also appointed to observe and witness the entire voting process starting from the registration until the end of the meeting. Upon verification of the voting results by the scrutineer, the poll results detailing the number of votes cast for and against each resolution and the respective percentages were announced via Bursa LINK after 5pm on the same day.</p> <p>The 51st AGM was 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> <p>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 Notice of AGM and Company's Annual Report. Nonetheless, the Company will keep a look out for cost effective</p>

	technologies to facilitate remote participation and voting in absentia by shareholders and may consider implementing the same in future.	
<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
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.

This requirement is not applicable to the Company.
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