

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7210
COMPANY NAME : Freight Management Holdings Bhd
FINANCIAL YEAR : June 30, 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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board of Directors ("Board") of Freight Management Holdings Berhad ("Freight" or "the Company") is committed to observe the highest standard of corporate governance practices in achieving the objectives and long term goals of the Company. The Board is guided by the prevailing legal and regulatory requirements as well as the Company's policies in discharging its fiduciary duties and responsibilities. Each of the Directors is aware of the obligations to exercise unfettered judgement, in good faith with due care and skill.</p> <p>The Board is responsible for setting the strategic direction of the Group and monitoring the implementation of that strategy by the management team.</p> <p>In addition to strategic matters, the Board is amongst others, also responsible for the following key matters;</p> <ul style="list-style-type: none">(i) Managing performance of the Board as a whole and management;(ii) Overseeing the conduct of business and financial operations;(iii) Overseeing the succession planning of the Board and senior management;(iv) Monitoring and reviewing the capital and solvency positions of the Group;(v) Reviewing and approving quarterly results, audited financial statements and statements & reports of the Annual Report;(vi) Promoting good corporate governance and an ethical culture across all level of the Group;(vii) Identifying principal risk and ensuring the implementation of appropriate internal controls and mitigation measures; and

	<p>(viii) Promoting and maintaining effective and timely communication stakeholders.</p> <p>In discharging its responsibilities, the Board had established an Audit Committee (“AC”), a Nomination Committee (“NC”) and a Remuneration Committee (“RC”) and delegated specific duties to the respective Board Committees according to their Terms of References to assist the Board to perform certain of its function and to provide recommendations and advices to the Board. The Board retains the ultimate responsibility for final decision on all matter lies with the Board.</p> <p>The Board is guided by a Board Charter which sets out the duties and responsibilities of the Board and management, Board reserved matters, roles of the respective Directors, Board’s composition and structure, authority and obligation of the Directors.</p> <p>The Board Charter and Term of Reference are available on the corporate website at www.fmgloballogistics.com.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Freight is helmed by Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak, an Independent Non-Executive Director. The Board, under the leadership of the Chairman, works effectively and performs responsibilities with all key and appropriate issues discussed in a timely manner.</p> <p>The key responsibilities of the Chairman are:</p> <ul style="list-style-type: none">(i) leading the Board and setting values and standards of the Group, ensuring in its responsibilities for the business and affairs of the Company and its oversight of management;(ii) overseeing the Board in the effective discharge of its supervisory role, the efficient organisation and conduct of the Board's function and meetings;(iii) ensuring all Directors receives accurate, timely and clear information by briefing of all Directors in relation to issues arising at meetings and allowing sufficient time for the discussion of complex or continues issues;(iv) leading the Board in its succession planning program for the Board and senior management level;(v) ensuring that there is a regular and effective evaluation of the Board's performance and is acting on the results of board performance evaluation by recognising the strength and addressing the weaknesses of the Board; and(vi) ensuring effective communication with stakeholders and their views are communicated to the Board as a whole.
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 Board recognises the importance to separate the positions in order to strengthen the overall integrity of the Company.</p> <p>Accordingly, the positions of Chairman and Group Managing Director ("Group MD") are held by different individuals.</p> <p>The Chairman, Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak, leads the Board in its collective oversight of the management and ensures effective operation of the Board whereas the Group MD, Mr Chew Chong Keat ensures effective implementation of the Board's policies, achieves strategic plans and performance targets, exercises high level of business judgement and manages the relationships with stakeholders and the interface with the public. This allows for effective oversight of the management as well as to support objective and independent deliberation, review and decision making.</p> <p>The respective roles and responsibilities of the Chairman and the Group MD are clearly articulated in the Board Charter, which is available on the Company's website at www.fmgloballogistics.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by three (3) Company Secretaries namely, Ms Lim Hooi Mooi, Ms Te Hock Wee and Ms Fong Sok Yee. They are Fellow or Associate Members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The Company Secretaries advise the Board on its roles and responsibilities and keeps the Board updated on matters relating to new statutory and regulatory requirements and corporate governance authorities.</p> <p>The Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are professionally qualified, experienced and knowledgeable on matters relating to statutory and regulatory requirements and corporate governance authorities.</p> <p>The details of other responsibilities of the Company Secretaries are set forth in the Board Charter of the Company.</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	:	Applied
Explanation on application of the practice	:	<p>The Board holds at least four (4) meetings in a year and ad hoc Board meetings will be held as and when required. Meeting agendas are arranged considering the complexity of the proposals and when they are items for approval or noting by the Board in order for Board meetings to be more effective and to enable in-depth deliberation of matters.</p> <p>Notice of meetings setting out agenda and accompanied by the relevant Board papers are circulated to all Directors in advance prior to each Board meetings for the Directors to review, seek additional information and/or clarification on the matters to be deliberated at Board meetings. Exceptions may be made for certain ad hoc or urgent instances upon Directors unanimously consent to short notice.</p> <p>The deliberations and conclusions of all pertinent issues discussed in the meetings are duly recorded by the Company Secretaries in the minutes of meetings. The minutes of meetings that record the decisions, including key decisions, rationale for decision made and any dissenting issues or concerns are circulated to all Directors within a reasonable timeframe after the meeting for review and approval.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 Board has adopted a Board Charter since 28 August 2013 and had on 24 October 2018 revised its Board Charter in line with the new Companies Act 2016, the Malaysian Code on Corporate Governance (“MCCG”) and the amendments to the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The Board Charter was last reviewed by the Board on 21 August 2019. The Board Charter serves as a primary reference point on governance matters for Directors as well as for newly appointed Directors.</p> <p>The Board Charter covers amongst others the following matters:</p> <ul style="list-style-type: none">(i) Matters reserved for the Board(ii) Duties and responsibilities of the Board, Board Committees and respective individual Directors(iii) Board structure and composition(iv) Policies and procedures <p>Formal Board Committees established by the Board with defined terms of reference, namely the AC, NC and RC which assist the Board in the discharge of its duties. The Board Committees will deliberate and examine issues in greater detail within their respective Terms of Reference and make their necessary recommendations to the Board which retains full responsibility.</p> <p>The Board Charter is made available on the Company's website at www.fmgloballogistics.com and is periodically reviewed and updated to take into considerations the needs of the Company as well as any development in relevant rules, regulations and laws that may have an impact on the discharge of the Board's duties and responsibilities.</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>The Company has a Corporate Code of Business Conduct and Work Ethics Policy ("Code") which applies to Directors, Management and employees of the Company and its subsidiaries. The Code sets out the Group's value and principles to guide standards of behaviour and business conduct when Directors, Management and employees deal with third party and these are integrated into company-wide management practices. The Code covers, amongst others, the following matters:-</p> <ul style="list-style-type: none">• Compliance with applicable laws• Conflict of Interest• Confidentiality• Fair Dealing• Gifts, Gratuities and Entertainment• Anti-Bribery• Anti-Money Laundering• Human Rights• Protection and Proper Use of Company's Assets <p>The Company has designated the Group MD as its Compliance Officer to administer the Code. Directors at their discretion may make any report or complaint provided for in the Code to the Chairman of the Board or the Group MD. The Chairman of the Board or the Compliance Officer will refer the complaints submitted as appropriate to the Board of Directors.</p> <p>The compliance with the Code is mandatory for all Directors and employees of the Group and where applicable, counterparts and business partners.</p> <p>The Code is accessible on the Company's website at www.fmgloballogistics.com.</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 3.2

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 recognises that any genuine commitment to detecting and preventing actual or suspected unethical, unlawful, illegal, wrongful or other improper conduct must include a mechanism whereby employees and other stakeholders can report their concerns freely without fear of reprisal or intimidation.</p> <p>The Company has established a Whistleblowing Policy of which the Chairman of the AC is tasked to receive reports with regards to allegations of misconduct or improper activities from employees and other stakeholders and investigate any complaint received from a whistle blower. He will meet with the Board to discuss the action/investigation required based on the report received and to take appropriate action to address such complaint.</p> <p>The AC Chairman has the responsibility to conduct investigation using appropriate channels, resources and expertise. The AC Chairman will report to the Board on a periodic basis about report received and actions taken. The Board reserves right to make any decision based on the findings of the AC Chairman.</p> <p>The Whistleblowing Policy is published on the Company's website (www.fmgloballogistics.com) for reference.</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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board currently has nine (9) Directors, comprising four (4) Executive Directors, four (4) Independent Directors and one (1) Non-Independent Non-Executive Director. The Board composition is balanced and in compliance with Paragraph 15.02(1) of the MMLR of Bursa Securities which states that at least two (2) Directors or one-third (1/3) of the Board of Directors are Independent Directors.</p> <p>The Board views that the Independent Directors are of high calibre with diversified background and skills, and in-depth experience in boardroom and leaderships positions. They are able to contribute their expertise and experience in discharging their duties and responsibilities by exercising independent judgement with unbiased views to foster greater objectivity in boardroom.</p> <p>The independence of each Independent Director is reviewed by the NC on an annual basis. All the Independent Directors have satisfied the independence criteria as defined under Paragraph 1.01 of the MMLR of Bursa Securities and they are able to continue to demonstrate their independent judgement and objectivity in the Board's decision-making process.</p> <p>Notwithstanding that, the Board acknowledges that having a majority of Independent Directors would undeniably uplift objectivity and prevent dominance in the boardroom as one element to improve Board effectiveness. As such the Company will continue to source for suitable candidates as additional Independent Directors to the Board.</p>
<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 - Two Tier Voting
Explanation on application of the practice	<p>: The Board Charter of the Company provides that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years and upon the completion of nine (9) years, an Independent Director may continue to serve the Board subject to the Director’s re-designation as a Non-Independent Non-Executive Director.</p> <p>The Board, through the NC assesses the Independent Directors annually to ascertain their level of independence despite the long tenure. Independent Directors who have served for a cumulative term of nine (9) years may continue to serve the Company in that capacity only if an independence assessment conducted by the NC concluded that the independence of such Independent Director is preserved and not deteriorated in any manner due to passage of time. The Board will, based on the NC’s recommendation, seek shareholders’ approval to retain the Independent Directors with strong justification(s) at the Annual General Meeting (“AGM”).</p> <p>The Company has operationalised two-tier voting process as recommended by the MCCG for retention of Independent Directors beyond twelve (12) years in service. Such policy has been adopted in the Company’s Board Charter and the Company had at the 22nd AGM held on 28 November 2018 obtained two-tier shareholders’ approval to retain long-servicing Independent Directors.</p> <p>Currently, there is only one (1) Independent Director namely Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak served on the Board for a cumulative term of more than twelve (12) years. However, he had informed the Board in writing of his intention to resign from his office as Independent Director after the conclusion of the forthcoming 23rd AGM. Therefore, he will not be seeking re-appointment at the said AGM.</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 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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 Board recognises the importance of boardroom diversity and values the benefits that diversity can bring to the Board. The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance. The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director is based on an effective blend of competencies, skills, extensive experience and knowledge so as to strengthen the Board.</p> <p>The NC was tasked with the responsibility for identifying, assessing and recommending the right candidates to the Board as well as reviewing and assessing the composition and performance of the Board. In making its recommendations, the NC will consider, among others, the following selection criteria:-</p> <ul style="list-style-type: none">• Skills, knowledge, expertise and experience• Time commitment of the candidate• Professionalism• Background, character, integrity and competence• Boardroom diversity including gender, age, experience, cultural background and ethnicity diversity <p>In terms of senior management and employees' employment, the Company considers all persons, regardless of age, gender, ethnicity, cultural background or other personal factors, with appropriate experience and qualifications will be considered equally when recruiting new staff. There will be no preference given to male applicants for a position and will ensure that any women with appropriate experience and qualifications are considered equally in the recruitment and selection process.</p> <p>In tandem with the Company's aspiration to attain diversity workforce, the Company has adopted a Diversity Policy which is available on the Company's website at www.fmgloballogistics.com.</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>The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity or religions, and cultural background and recognises the benefits of this diversity.</p> <p>Currently the Board comprises three (3) female Directors, namely Madam Gan Siew Yong, Madam Lau Swee Chin and Ms Tengku Nurul Azian binti Tengku Shahrman, representing a ratio of 33% of the Board composition.</p> <p>The Company's Diversity Policy is available on the Company's website at www.fmgloballogistics.com.</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>As part of the Board's succession planning, the NC has established procedures for the appointment of new Director. The NC identified the set of skills and expertise required and selects individuals on review of their individual merits, regardless of gender, race and age.</p> <p>The NC may seek professional advice and/or conduct search by utilising variety of independent sources to identify potential candidates.</p> <p>Both Ms Tengku Nurul Azian binti Tengku Shahrman and Mr Soh Chin Teck, who were appointed by the Board on 21 August 2019 and 30 September 2019 were selected through recommendation from the Company's contacts. The NC has met with them to assess their suitability before formally recommending them for appointment to the Board.</p> <p>The procedures for appointing Directors have been incorporated into the Terms of Reference of the NC which is available on the Company's website at www.fmgloballogistics.com.</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 Chairman of the NC is Madam Lau Swee Chin, the Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is entrusted by the Board to annually review the effectiveness of the Board and Board Committees as well as the performance of individual Directors.</p> <p>The NC had during the year conducted an annual assessment and evaluation on the effectiveness of the Board and the Board Committees and the performance of each individual Director for the financial year ended 30 June 2019. The evaluation process was based on self and peer assessments and the assessment results had been deliberated and presented to the Board at the Board meeting held on 21 August 2019.</p> <p>The feedbacks and inputs provided by the Directors in the evaluation forms were properly documented and the evaluation outcome were tabled to the NC for assessment and discussion.</p> <p>Based on the recent assessment, the NC was satisfied that the Board has the right size, balance and composition in terms of mix of skills and experience to optimise the Company's performance and strategy. The Board, Board Committees and each individual Director had discharged their duties and responsibilities effectively and contributed to the overall effectiveness of the Board and the Company. The Directors had also committed their time to responsibly fulfill their commitment to the Company during the year.</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	:		
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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 has adopted a Remuneration Policy and Procedures for Directors and Senior Management which aims to attract, develop and retain high performing and motivated Directors and Senior Management with a competitive remuneration package.</p> <p>The Board, as a whole, determines the level of remuneration package of Non-Executive Directors and Executive Directors with the interested Directors abstaining from any deliberations or voting on their own remuneration.</p> <p>The remuneration package for Executive Directors and Senior Management are paid to commensurate with the responsibilities of their positions, reflecting their contributions for the year and which are competitive and consistent with its culture and strategy. Whilst the remuneration of Non-Executive Directors is linked to their level of responsibilities undertaken and contributions to the Board. The fees and other benefits in-kind paid to the Non-Executive Directors for carrying their duties as Directors of the Company are approved by the shareholders at the AGM.</p> <p>The Remuneration Policy and Procedures for Directors and Senior Management are reviewed periodically. Such policy is available on the corporate website www.fmgloballogistics.com.</p>
Explanation for departure	:	
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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 RC was established by the Board since 2005 comprising exclusively Non-Executive Directors, as follows: -</p> <table border="1"><thead><tr><th>No.</th><th>Directors</th><th>Designation/Directorate</th></tr></thead><tbody><tr><td>1.</td><td>Datuk Dr Hj. Noordin bin Hj. Ab. Razak</td><td>Chairman/ Independent Non-Executive Director</td></tr><tr><td>2.</td><td>Chua Tiong Hock</td><td>Member/ Non-Independent Non-Executive Director</td></tr><tr><td>3.</td><td>Lau Swee Chin</td><td>Member/ Independent Non-Executive Director</td></tr></tbody></table> <p>The RC is responsible for making recommendations to the Board on the remuneration packages of Executive Directors, Non-Executive Directors and Senior Management.</p> <p>The Remuneration Committee carried out its duties in accordance with its Terms of Reference which can be obtained from the Company's website at www.fmgloballogistics.com.</p>	No.	Directors	Designation/Directorate	1.	Datuk Dr Hj. Noordin bin Hj. Ab. Razak	Chairman/ Independent Non-Executive Director	2.	Chua Tiong Hock	Member/ Non-Independent Non-Executive Director	3.	Lau Swee Chin	Member/ Independent Non-Executive Director
No.	Directors	Designation/Directorate												
1.	Datuk Dr Hj. Noordin bin Hj. Ab. Razak	Chairman/ Independent Non-Executive Director												
2.	Chua Tiong Hock	Member/ Non-Independent Non-Executive Director												
3.	Lau Swee Chin	Member/ Independent Non-Executive Director												
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	:		
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Intended Outcome

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

Practice 7.1

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

Application :	Applied																																																																											
Explanation on application of the practice :	<p>The details of the remuneration received by each Directors, including Executive Directors and Non-Executive Directors for the financial year ended 30 June 2019 are as follows: -</p> <table border="1"> <thead> <tr> <th rowspan="2">Name of Directors</th> <th colspan="2">Company (RM)</th> <th colspan="3">Group (RM)</th> </tr> <tr> <th>Fees</th> <th>Allowance</th> <th>Salaries & Bonus</th> <th>Fees</th> <th>Other Emoluments</th> </tr> </thead> <tbody> <tr> <td colspan="6">Executive Directors</td> </tr> <tr> <td>Chew Chong Keat</td> <td>54,000</td> <td>5,500</td> <td>2,507,324</td> <td>107,875</td> <td>289,750</td> </tr> <tr> <td>Yang Heng Lam</td> <td>54,000</td> <td>4,000</td> <td>2,563,506</td> <td>107,875</td> <td>282,150</td> </tr> <tr> <td>Gan Siew Yong</td> <td>54,000</td> <td>5,000</td> <td>2,100,824</td> <td>107,875</td> <td>212,610</td> </tr> <tr> <td>Ong Looi Chai</td> <td>54,000</td> <td>4,000</td> <td>1,457,991</td> <td>54,000</td> <td>118,800</td> </tr> <tr> <td colspan="6">Non-Executive Directors</td> </tr> <tr> <td>Datuk Dr. Hj. Noordin bin Hj. Ab. Razak</td> <td>78,000</td> <td>6,000</td> <td>*6,000</td> <td>78,000</td> <td>-</td> </tr> <tr> <td>^Aaron Sim Kwee Lein</td> <td>63,600</td> <td>6,000</td> <td>*6,000</td> <td>63,600</td> <td>-</td> </tr> <tr> <td>Chua Tiong Hock</td> <td>60,000</td> <td>5,000</td> <td>*5,000</td> <td>60,000</td> <td>-</td> </tr> <tr> <td>Lau Swee Chin</td> <td>51,774</td> <td>5,000</td> <td>*5,000</td> <td>51,774</td> <td>-</td> </tr> </tbody> </table> <p>^ Demised on 30 June 2019. * Refer to meeting allowances only.</p> <p>The disclosure is made on a group level and the Company level, in accordance with Paragraph 11, Part A, Appendix 9C of the MMLR of Bursa Securities.</p>					Name of Directors	Company (RM)		Group (RM)			Fees	Allowance	Salaries & Bonus	Fees	Other Emoluments	Executive Directors						Chew Chong Keat	54,000	5,500	2,507,324	107,875	289,750	Yang Heng Lam	54,000	4,000	2,563,506	107,875	282,150	Gan Siew Yong	54,000	5,000	2,100,824	107,875	212,610	Ong Looi Chai	54,000	4,000	1,457,991	54,000	118,800	Non-Executive Directors						Datuk Dr. Hj. Noordin bin Hj. Ab. Razak	78,000	6,000	*6,000	78,000	-	^Aaron Sim Kwee Lein	63,600	6,000	*6,000	63,600	-	Chua Tiong Hock	60,000	5,000	*5,000	60,000	-	Lau Swee Chin	51,774	5,000	*5,000	51,774	-
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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	:	Applied
Explanation on application of the practice	:	<p>The top four Executive Directors on the Board also occupy the offices of the top five senior management of the Company. By virtue of the application of Practice 7.1, the Company has simultaneously applied Practice 7.2.</p> <p>The detailed remuneration of the four Executive Directors cum top four senior management is disclosed under the explanation of Practice 7.1.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.3 - 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>Mr Soh Chin Teck was appointed as Independent Non-Executive Director of the Company on 30 September 2019 and the Chairman of the AC on the same day following the demise of the late AC Chairman, Mr Aaron Sim Kwee Lein on 30 June 2019. Datuk Dr. Hj. Noordin Bin Hj. Ab. Razak serves as the Chairman of the Board. This allows the Board to review the AC's findings and recommendations with unfettered objectivity.</p> <p>Mr Soh Chin Teck is a Member of the Malaysian Institute of Accountants (MIA) and a Fellow Member of the Institute of Chartered Accountants Australia, a member of the Australian Institute of Company Directors and a member of the Institute of Corporate Directors Malaysia.</p> <p>The profile of Mr Soh Chin Teck is disclosed on page 9 of the Annual Report 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	:	

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>In line with the recommendation of the MCCG, the Terms of Reference of the AC has been incorporated a cooling-off period of at least two (2) years before a former key audit partner could be appointed as a member of the AC to safeguard the independence of the audit of the financial statements.</p> <p>Such restriction is stated in the AC's Terms of Reference which is available on the Company's website at www.fmgloballogistics.com</p> <p>To date, the Company has not appointed any former key audit partner either as a Director or as an employee.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC is responsible for reviewing the audit provided by the external auditors. The AC ensures that the independence and objectivity of the external auditors are not compromised in accordance with the criteria set out in the External Auditors Assessment Policy adopted by the Company.</p> <p>In safeguarding and supporting external auditors' independence and objectivity, the Company has outlined the selection process of new external auditors, criteria for the annual assessment on the performance of external auditors, basic principles on the prohibition of non-audit services and the approval process for the provision of non-audit services in the Terms of Reference of the AC.</p> <p>The Board has determined that the provision of non-audit service contracts which cannot be entered into with the external auditors include strategic decision, internal audit and policy and standard operating procedures documentation. The Board was of view that the objectivity and independence of the external auditors are not in any way impaired by reason of the non-audit services provided to the Group.</p> <p>The AC had recommended to the Board the re- appointment of the external auditors namely Crowe Malaysia PLT after considering the results of annual assessment on the performance, suitability and independence of the external auditors covering the following criteria:</p> <ul style="list-style-type: none">-○ Calibre of the external auditors○ Resources, Quality Processes and Performance○ Independence, Objectivity and Professionalism○ Audit Scope and Planning○ Audit Communications <p>Based on the assessment results, the AC was satisfied with the suitability of the external auditors and recognised that the provision of non-audit services by Crowe Malaysia PLT for the financial year 2019 did not in any way impair their objectivity and independences as external auditors of the Company.</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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, via the NC, had conducted the annual review of the term of office and performance of the AC and each of its members, concurrently with the annual Board assessment pursuant to Paragraph 15.20 of the MMLR of Bursa Securities.</p> <p>Based on the results of the recent evaluation, the Board is satisfied with the performance of the AC including the former Chairman, the late Aaron Sim Kwee Lein. The NC concluded that the members of AC possess the necessary knowledge, experience, expertise and skills.</p> <p>On 30 September 2019, the Board had, based on the recommendation of the NC, appointed Mr Soh Chin Teck as an Independent Director of the Company and the Chairman of the AC. Mr Soh is a Member of the Malaysian Institute of Accountants and a Fellow Member of the Institute of Chartered Accountants Australia. Therefore, the AC meets the requirement of Paragraph 15.09(1)(c)(i) of the MMLR of Bursa Securities which requires at least 1 member of the AC must be a qualified accountant.</p> <p>Members of the AC are financially literate as they continuously keep themselves abreast with the latest development in the new accounting and auditing standards and the impact it may have on the Group through briefings by the management and the external auditors. The composition of the AC is set out in the AC Report on page 42 while the profiles of each member are disclosed in the Directors' profiles from pages 8 to 11 of the Annual Report 2019.</p> <p>The AC ensures that the financial reports of the Company comply with applicable financial reporting standards.</p>

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

Intended Outcome

Companies 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 Board is responsible for establishing and overseeing the Group's risk management framework and system of internal control and ensuring the adequacy and effectiveness of the system.</p> <p>The Board recognises that it is crucial to achieve a critical balance between risks incurred and potential returns for the viability of the Group. Thus, the Company has established an Enterprise Risk Management ("ERM") framework which proactively identifies, evaluates and manages key risks of the Group. The ERM framework and its methodology are in line with ISO 31000:2018 – Risk Management Principles and Guidelines, to promote risk ownership and the continuous monitoring of key risks identified. The Board has delegated the responsibility to the Executive Directors to approve and review the process and framework formulated to identify, measure and monitor various risk components.</p> <p>Furthermore, the Board has established an organisation structure with clearly defined lines of responsibility and accountability which are aligned to its business and operations requirements which support the maintenance of a strong control environment. It has extended the responsibilities of the AC to include the assessment of internal controls through the Internal Audit function.</p> <p>The Group as a whole has established several risk management processes where the responsibility and accountability are with the various Head of Divisions and also involving the participation of the Executive Directors and also internal auditors. The Head of Divisions are responsible for the day-to-day management of risks inherent in their business activities, while the Executive Directors are responsible for setting the risk management framework as well as developing tools and methodologies. Complementing this is internal audit, which provides an independent assurance of the effectiveness of the risk management approach. These risk management processes are aligned across the business units and subsidiaries of the Group through the streamlining of the risk framework, policies and organisational structure in order to embed and enhance a risk management culture based on the Group's business segments, its regional growth and expansion plans.</p>

	<p>In addition to the above, the ERM Manual which outlines the Risk Policy, Risk Governance Structure, and the Risk Management Processes in line with the ISO 31000:2018 – Risk Management Principles and Guidelines had also been established. The Risk Register outlines and categorises the sources of risks, the impacts, the risk owners and the controls that are in place. The ERM plan had also been implemented and is a continuous on-going process to check and review the key risks to ensuring the controls are adequate, effective and where necessary developing further actions for continuous improvement.</p> <p>The Board affirms its overall responsibility for establishing an effective risk management and internal control framework which is in place and has been enhanced.</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 9.2

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	:	<p>The internal control and risk management framework of the Company are designed to manage rather than eliminate risks and to provide reasonable but not absolute assurance against any material misstatement or loss.</p> <p>The Management facilitates the implementation of the risk management framework and processes of the respective businesses and reviews that risks that may impede the achievement of objectives are adequately identified, evaluated, managed and controlled.</p> <p>Features of the internal control and risk management framework of the Company are set out in the Statement on Risk Management and Internal Control. Amongst others, these include:</p> <ul style="list-style-type: none"> • Ensure the continuity of business • Safeguard the asset of the Group • Safeguard the interest of all shareholders • Preserve the safety and health of its employees
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 had been carried out by an outsourced internal audit consultant, namely Grant Thornton Consulting Sdn Bhd. During the year, the Group has decided to set-up its own Internal Audit Division ("IAD") to replace the outgoing external consultant. The Internal Audit Function has been independently undertaken by the outsourced external consultant or in-house internal audit team (collectively known as "Internal Auditors") who have no involvement in the operations. The Internal Auditors report directly to the AC.</p> <p>The responsibility to review the adequacy and integrity of the internal control function has been delegated by the Board to the AC. On 21 August 2019, the AC reviewed the adequacy of scope, functions, competency and resources of the Internal Audit Functions and was satisfied with the competency and independence of the Internal Auditors in carrying out its scope of work as well as the adequacy and effectiveness of the system of internal controls and procedures in the operating units within the Group and the extent of compliance with the Group's established policies, procedures and guidelines, and also compliance with applicable laws, regulations, directives and other external enforced compliance requirements.</p> <p>The Internal Auditors had adopted a risk-based approach in undertaking the internal audits for the Group which involved the establishment of a comprehensive audit plan formulated through a risk assessment process. With the necessary understanding of these risks, it had facilitated the Internal Auditors to develop comprehensive audit programs in order to identify any weaknesses in the system of internal controls.</p> <p>The Board recognises that the development of good system of internal controls for the Group is a continuous process. Hence, the Board encourages interactive discussions of audit findings through the AC, taking into consideration possible establishment of additional control measures in managing its risks within the Group from time to time.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has engaged an outsourced internal audit consultant, namely Grant Thornton Consulting Sdn Bhd (“Outsourced IA team”) to conduct review on the Group’s internal audit function. During the financial year 2019, the Internal Auditors has provided a total of 6 personnel to the internal audit function.</p> <p>The Outsourced IA team is led by Mr Yong How Ching, graduated with ACMA, CGMA, BA (Hons.) Accounting and Finance. All internal audit work carried out is guided by International Professional Practices Framework published by The Institute of Internal Auditors.</p> <p>Whilst in-house internal audit team, which comprised of 4 internal audit personnel, is helmed by Mr Alan Kan Chee Kuan. Mr Alan Kan has more than 30 years of working experiences in the areas of engineering, business operation and HSE. He is a mechanical engineering graduate from Tunku Abdul Rahman College and possess a Master Degree in Business Administration from University of Hull. In term of audit, Mr Alan is a qualified lead auditor proficient in ISO Management System. He acted as the Lead Auditors performing management audit for an electric power plant between year 2000 to 2005. The staff involved in the internal audit engagements and reviews possess professional qualifications and/or a University/College degree in either finance, accounting and/or management.</p> <p>All internal audit work carried out is guided by International Professional Practices Framework published by The Institute of Internal Auditors. All personnel (i.e. the Outsourced IA team nor the in-house internal audit team) are free from any relationship or conflict of interest, which could impair the objectivity and independence of the audit review.</p> <p>Overall, the AC was satisfied that the Internal Auditors have discharged their responsibilities in a commendable manner, performed</p>

	competently, functioning effectively and have received sufficient resources and adequate authority in order to carry out their work.	
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	:	<p>The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Board endeavors to ensure that communications with the Group's stakeholders are conducted in a continuous and forthcoming manner guided by the Company's Corporate Disclosure Policies and Procedures.</p> <p>The Group ensures that the Company's corporate website at www.fmgloballogistics.com contains all information relating to the Company, corporate announcements, quarterly financial results, Annual Reports, Company's policies and procedures and/or operation reviews so as to promote a closer association with its stakeholders by allowing accessibility of information.</p> <p>The Company also encourages engagement with shareholders at the AGM conducted annually where shareholders have the opportunity to post questions and comments on the Company's performance and operations.</p> <p>Shareholders and investors can also forward their enquiries about the Company via email: enquiry-my@fmgloballogistics.com any time throughout the year.</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 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	:	Whilst certain hallmarks of integrated reporting may be embodied in the Company's Annual Report such as qualitative sustainability indices contained within the Sustainability Report of the Company, it is on the whole not an integrated report based on the parameters set out by the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework.
		Currently the Group has yet to adopt an integrated reporting as the Company is not a Large Company as defined by the MCCG. The Board believes that the Company's integrated reporting journey should be built on the foundational steps in tandem with the growth of the Company.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Company serves the Notice of Annual General Meeting to the shareholders of the Company at least 28 days prior to the meeting for financial year 2019.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Annual General Meeting remains the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and ask questions about the resolutions being proposed and the operations of the Group.	
		The date of the Annual General Meeting of the Company is commonly scheduled at the beginning of the calendar year to ensure that all the Directors are present to provide meaningful response to questions addressed to them. All the Directors (except for Mr Ong Looi Chai who was engaged in an urgent overseas arrangement) and Chairman of the respective Board Committees had attended the 22 nd Annual General Meeting held on 28 November 2018.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group does not have a large number of shareholders. The attendance of the shareholders during the Annual General Meeting held in year 2018 consistently representing approximately 50% of the total shareholdings of the Company. As such, the Board is of the view that voting in absentia and remote shareholders' participation at General Meetings are currently not warranted.</p> <p>Notwithstanding that, the Board has taken necessary steps to provide maximum opportunity for shareholders to participate and engage with the Board and Management by convening its Annual General Meeting at a central and easily accessible location providing ample parking space for shareholders and at a convenient time.</p> <p>The Company will consider to adopt such facilities to facilitate voting in absentia and remote shareholders' participation in future general meetings once such facilities are readily available at a reasonable cost.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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