

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0111
COMPANY NAME : K-One Technology Berhad
FINANCIAL YEAR : December 31, 2017

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 is responsible for the oversight and overall business direction and management of the K-One Group ("Group"). In order to ensure the effective discharge of its functions and responsibilities, the Board has delegated specific responsibilities to the relevant Board Committees and the Chief Executive Officer ("CEO"). The Board Committees comprise the Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC").</p> <p>The Board, together with the Senior Management is committed to promoting good corporate governance ("CG") in running the Group. In discharging its duties and responsibilities, the Board is governed by the Board Charter which is available on K-One's website at www.k-one.com/investors/corporate-governance/board-charter/.</p> <p>The Board plays an active role in the development of the Group's business strategy and monitoring of its performance and implementation. It approves the annual operating budgets (including the capital expenditures) and monitor Senior Management's performance and implementation of strategies and policies on a quarterly basis. The CEO is responsible for the day-to-day management of the business and operations of the Group. He is supported by the Management team.</p> <p>The Board affirms its responsibility in maintaining the Group's system of internal controls and risk management to safeguard shareholders' value and the Group's assets. In seeking regular assurance on the adequacy and integrity of the internal controls and risk management systems and processes, the Group has formed a Risk Management Committee since end 2012, comprising Heads of Divisions with the objective of reviewing, minimising or avoiding major risks. The Risk Management Committee is tasked with assessing risks arising from the external environment, internal operations and the financial aspects. During the year under review, key business risks and mitigation factors</p>

	which include external, operational and financial risks were presented to the Board for consideration.	
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>The roles and responsibilities of the Chairman of the Board are specified on the Board Charter, which is available on K-One's website at www.k-one.com/investors/corporate-governance/board-charter/. For convenience, the key roles and responsibilities of the Chairman of the Board are paraphrased as below:</p> <ol style="list-style-type: none">(1) Leads the Board by setting the tone at the top and managing the Board's effectiveness by focusing on strategy, governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective Terms of Reference to ensure effectiveness.(2) Sets the Board agenda for each meeting with the assistance of the Company Secretary and the same is circulated to the Board Members accordingly.(3) Leads the meeting pace and discussions in an effective manner.(4) Promotes a Boardroom environment that allows for expression of views in the spirit of 'constructive challenge', effective debate and contribution from the Board members to facilitate informed decision-making by the Board.(5) Provides his objective views and decisions during deliberations at Board meetings to resolve situations when there are differing views amongst the Board Members and/or the Senior Management.(6) Representing the Group in discussion on high level matters with external parties such as key customers and government agencies.(7) Leads the Board by ensuring that the Group adheres to all the relevant laws and regulations as well as monitors its good corporate and best practices.
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

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 distinct and separate roles and responsibilities of the Chairman of the Board, who is an Executive Chairman and CEO are provided in Items 16 and 17 respectively on the Board Charter, which is available on K-One's website at www.k-one.com/investors/corporate-governance/board-charter/.</p> <p>The positions of Executive Chairman and CEO are held by two different individuals. The Executive Chairman, Ir. Edwin Lim Beng Fook leads and manages the Board by focusing on strategy, governance and compliance whereas the CEO, Dato' Martin Lim Soon Seng manages the business and operations of the Group and implements the Board's decisions.</p> <p>The distinct and separate roles of the Executive Chairman and CEO, with their clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered decision-making powers. Although the Executive Chairman and the CEO are brothers, they are both professional engineers registered with the Institution of Engineering & Technology, UK who are expected to exercise a high degree of independence, integrity and professionalism in the conduct of their business. They both hold Masters' degrees in their respective fields from reputable universities overseas which further substantiate their independence of thoughts, objective judgement and maturity.</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 Company Secretary of the Group is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") who is qualified to act as company secretary under Section 235(2) of the Companies Act 2016. She undertakes the following key roles and responsibilities within the Group:</p> <p>(1) Manages the logistics of all Board and Board Committee meetings. Record and keep attendance and minutes of all Board and Board Committee meetings. Ensures that deliberations at Board and Board Committee meetings are well documented and subsequently communicated to the relevant Management personnel for appropriate actions.</p> <p>Updates the Board on follow-up actions by the Management. Action items would stay as matters arising in the minutes of meetings until they are resolved.</p> <p>(2) Provides support to the Board in fulfilling its fiduciary duties and leadership role in shaping the corporate governance ("CG") of the Group.</p> <p>In this respect, she plays an advisory role to the Board, particularly with regard to the Company's constitution, Board policies and procedures, CG best practices and its compliance with regulatory requirements, codes, guidance and legislations.</p> <p>(3) Ensures that the due processes and proceedings of annual general meetings are in place and properly managed. Assists the Chairman and the Board to conduct the meeting and ensure the minutes are properly recorded, particularly the questions raised by shareholders.</p> <p>(4) Monitors the developments of CG and assists the Board in applying best practices to meet the Board's needs and stakeholders' expectations. In February 2018, the Company Secretary enlightened the Board with the identified areas which required further enhancements for adherence to the CG standards, as promulgated under the Malaysian Code on Corporate Governance.</p>

	(5) Whilst the Investor Relations is generally involved in communication and engagement with stakeholders, the Company Secretary plays an important role in advising the Board on principles and best practices in CG and ultimately become the focal point for shareholders in relation to CG issues affecting the Group as a listed entity.	
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>Directors are provided with notice of at least 14 working days prior to each Board and/or Committee meetings. Board papers, relevant materials and/or minutes of previous meetings are issued 7 working days prior to the meetings to enable the Directors to review, consider and have sufficient preparation time and information to make an informed decision.</p> <p>The deliberations and decisions at Board and Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.</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 Charter serves as a primary reference for Board members, Board Committees and Boards of subsidiaries of their fiduciary duties as directors of the Group. It sets out amongst others the key values, principles and ethos of the Group.</p> <p>In accordance with Item 38 of the Board Charter, the Board will review the Board Charter periodically to keep it up to date and consistent with the Board's objectives and responsibilities. The Board Charter is available on K-One's website at www.k-one.com/investors/corporate-governance/board-charter/.</p> <p>In February 2018, the Board Charter has been reviewed for the purpose of clarity and consistency with the Malaysian Code on Corporate Governance.</p> <p>Key matters reserved for the Board's approval include:-</p> <ul style="list-style-type: none">a) strategic plan and long-term objectives;b) annual and quarterly financial results;c) annual business plan and budget;d) dividend policy, corporate and capital structure;e) capital expenditure;f) internal controls and risk management;g) shareholders/investors communication;h) Board membership and appointments; andi) corporate governance matters. <p>The roles and responsibilities of the Board of Directors, Chairman and CEO are clearly outlined in Item 10 and Items 16 to 18 of the Board Charter.</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 Group has in place a Code of Conduct and Ethics for Directors and employees. The said Code is available at http://www.k-one.com/investors/corporate-governance/code-of-conduct-&-ethics/.</p> <p>The above Code is reviewed periodically to ensure relevancy and alignment with the prescribed requirements and best corporate governance ("CG") practices. The Board is mindful of its leadership in business ethics practices as one of the key elements of business sustainability.</p> <p>The Code of Conduct and Ethics provides principles and standards to act in public interest and best interest of the Group and covers areas of transparency, integrity, accountability, sustainability, conflicts of interest ("COI"), anti-corruption/bribery, confidentiality, insider trading, fair dealing and anti-competition, proper use of Group's assets, compliance with laws, rules and regulations. The reporting of unlawful or unethical behaviour is encouraged, particularly through the Whistle Blowing Policy.</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 Group's Whistle Blowing Policy fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any violations or improper conduct or wrongdoing.</p> <p>The said policy provides an avenue for employees or any external party to report any breach or suspected breach of any law, regulation, business principles, policies and guidelines in a safe and confidential manner. An employee who makes a report of improper conduct in good faith shall not be subject to unfair dismissal, victimisation, demotion, suspension, intimidation or harassment, discrimination, any action causing injury, loss or damage or any other retaliatory actions by the Management.</p> <p>The Board reviews and oversees the implementation of the Whistle Blowing Policy and all whistle-blowing reports are addressed to the Chairman of the Board or Audit Committee Chairman of the Group. Duties relating to the day-to-day administration of the Whistle Blowing Policy is performed by the Internal Audit Manager.</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

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>The Board of K-One Technology Berhad, comprises of seven (7) Directors, made up of four (4) Independent Non-Executive Directors (“INEDs”), one (1) Non-Independent Non-Executive Director and two (2) Executive Directors.</p> <p>All the four (4) INEDs satisfy the independence test under the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). They constitute 57% of the Board.</p> <p>All the Directors had been reviewed annually as to whether he/she has any family relationship with any Director and/or major shareholder of the Group, any conflict of interest with the Group and any convictions for offences within the past five (5) years other than traffic offences. This would enable the Board and Nomination Committees to continuously assess the Directors’ independence.</p> <p>In addition, the assessment of independence of the INEDs are conducted on an annual basis via Self and Peer Assessments thru’ Board Evaluation to ensure that the INEDs were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Group. Independence and objectivity is one of the INEDs’ performance criteria in accordance with Guidance 5.1 of the Malaysian Code on Corporate Governance.</p> <p>The outcome of the Board Evaluation results indicated that the Directors have demonstrated independence and objectivity in the Board’s decision-making process, have given valuable feedback through sharing of knowledge and experience and have acted in the best interests of the Group, as well as in safeguarding public interest.</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 - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	: Considering the recommendation of the Code pertaining to the tenure of an Independent Director exceeding a cumulative term of nine (9) years, the Board holds the view that the ability of an Independent Director to exercise independent judgement is not affected by the length of service. The suitability of an Independent Director to carry out his responsibilities is very much a function of calibre, experience and personal qualities. In this respect, the Board has sought shareholders' approval in the 16th Annual General Meeting (AGM) and the shareholders have given the approval in the said AGM to extend the tenureship of Independent Non-Executive Directors Goh Chong Chuang and Loi Kim Fah as they have served more than nine (9) years in their respective individual capacities based on the following justifications:- (a) They have fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market (AMLR) and thus, they would be able to function as a check and balance, including bringing in an element of objectivity to the Board; (b) They have vast experience in their respective fields. Goh Chong Chuang has been involved in the electronics industry for over forty (40) years and had held senior positions (Executive Director/Advisor) in a Japanese multinational prior to joining the Company's Board. Loi Kim Fah has been a practising professional accountant for more than twenty (20) years; engaged in auditing and advising a multitude of industries in various aspects of accounting, finance and business planning. As such, they can provide constructive opinions and exercise independent judgement which act in the best interest of the Group; (c) They have and will continue to be able to devote sufficient time and attention to their professional obligations for informed and balanced decision making; and

	<p>(d) They have demonstrated integrity of independence and had not entered into any related party transaction with the Company or Group.</p> <p>The Board is recommending and will be seeking shareholders' approval through a two-tier voting process in the coming 17th Annual General Meeting to extend the tenureship of Independent Non-Executive Directors Goh Chong Chuang and Loi Kim Fah based on the above similar justifications.</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

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 and the Nomination Committee (“NC”) take into account the current diversity in the skills, experience, age, ethnicity (cultural background) and nationality of the existing Board in seeking potential candidate(s). This helps to ensure an appropriate balance between the experience of the existing Directors and new perspectives of the incoming Directors.</p> <p>In 2017, the Board size was increased from six (6) to seven (7) Directors upon the appointment of Dato’ Azlam Shah bin Alias on 2 February 2017. His appointment reflects the Board’s open mindedness and practice in appointing Director(s) with different backgrounds, diversity, ethnicity, experiences and skills.</p> <p>The Board strongly views that diversity of the Board’s composition is important to facilitate optimum decision-making by harnessing different insights and perspectives.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

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

Application	:	Applied	
Explanation on application of the practice	:	The Board acknowledges the importance of gender diversity as an important element of a well-functioning board. Currently, the Board has a female Director which makes up 14% representation of women on Board. The Board will endeavour to achieve 30% women representation on the Board in the next three (3) 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 4.6

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>The policies and procedures for recruitment and appointment (including re-election/re-appointment) of Directors are set out in the "Terms of Reference of the Nomination Committee."</p> <p>The Nomination Committee ("NC") is guided by the said Terms of Reference in carrying out its responsibilities in respect of the nomination, selection and appointment process for the Group and its subsidiaries, which also provides the requirements under the relevant laws and regulations on the matter. In this respect, the Board has established a pool of potential Directors for its reference when considering new appointments, in line with the sourcing process and criteria for potential candidates as set out in the Terms of Reference. The pool has been continuously refreshed with new potential candidates, having regard to the selection criteria, to ensure that the list of potential candidates remains relevant and offers the talent/skills required for the NC/Board's consideration. As part of the recruitment exercise, the NC had also utilised various independent sources to ensure that it is able to identify the most suitable candidates.</p> <p>The proposed candidate will also be required to confirm that he/she meets the criteria for an independent director as prescribed in the Listing Requirements of Bursa Securities prior to recommending to the Board for approval of his/her proposed appointment as an Independent Non-Executive Director.</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

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 Nomination Committee is an Independent Non-Executive Director (“INED”); namely, Goh Chong Chuang who is nominated amongst the Independent Non-Executive Directors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 Nomination Committee annually performs an assessment of the effectiveness and performance of the Board, Board Committees and individual Directors in order to verify that the Board is functioning appropriately as a whole. Each Director would complete detailed questionnaires, covering among other things; contribution to interaction, quality of input, understanding of role and personal developments with the aim of enhancing Board performance.</p> <p>An evaluation of each Board Committee would also be done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Terms of Reference. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.</p> <p>Assessments and evaluations were conducted for 2017 and the Board was satisfied with the overall performance of its Directors and the respective Committees.</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 has established a formal and transparent process for approving the remuneration of the Board and the Senior Management.</p> <p>The remuneration policy is reviewed by the Remuneration Committee ("RC") on an annual basis prior to making its recommendations to the Board for approval. In its review, the RC considers various factors including the Non-Executive Directors ("NEDs")' fiduciary duties, time commitments expected of them and the Group's performance. The Board is mindful that fair remuneration is critical to attract, retain and motivate the Directors.</p> <p>The benefits payable to the said Directors shall from time to time be determined by an Ordinary Resolution of the Company in a general meeting in accordance with Section 230 of the Companies Act 2016.</p> <p>The RC is also responsible to approve the annual salary increments and performance bonuses of the Senior Management in respect of each financial year.</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

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 Remuneration Committee ("RC") comprises mainly of Independent Non-Executive Directors ("INEDs"). The Terms of Reference ("TOR") of the RC delineate the roles and responsibilities in relation to remuneration matters are available at http://www.k-onecom/investors/corporate-governance/terms-of-reference-of-remuneration-committees/.</p> <p>The Board is satisfied that the RC has effectively and efficiently discharged its roles and responsibilities with respect to its remuneration functions, which include amongst others, reviews of the remuneration policies for the Board and Senior Management.</p> <p><u>For Board</u></p> <p>Section 230(1) of the Companies Act ("CA") 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, shareholders' approval shall be sought at the 17th Annual General Meeting ("AGM") on the payment of Directors' benefits from 28 May 2018 to the next AGM in 2019.</p> <p>(1) Directors' fee</p> <p>Each INED is entitled to a fee of RM4,000 per month. The Executive Chairman, CEO and Non-Independent Non-Executive Director do not receive any Director's fees and meeting allowance for attending Board and general meetings.</p> <p>At the 16th AGM of the Company held on 26 May 2017, the benefits payable to the INEDs of the Company from 1 January 2017 until the 17th AGM of the Company on 28 May 2018 ("17 months") was approved for an amount of RM300,000. The utilisation of this approved amount as at 31 December 2017 is RM226,131. Based on</p>

	<p>the schedule of meetings in the first five (5) months of 2018, an amount of RM68,000 is expected to be utilised for payment of meeting allowance and fees to the INEDs. Hence, the expected total utilised amount would be approximately 98% of the approved amount.</p> <p>(2) Benefits payable to NEDs The benefits payable to the INEDs comprise meeting allowances of RM1,000 per meeting attendance whilst that of NINED are paid via benefit-in-kind which includes transport fees, hotel accommodation and incidentals incurred pertaining to meeting attendance in Malaysia.</p> <p>The INEDs' fee shall be revised from RM4,000 to RM4,500 per month subject to shareholders' approval at the 17th AGM to be held on 28 May 2018, while the meeting allowance will be maintained at status quo. The total amount of remuneration and benefits payable to the NEDs is estimated to be up to RM250,000 from 29 May 2018 to the next AGM in 2019, taking into account various factors including the number of scheduled meetings for the Board as well as the number of NEDs involved in these meetings.</p> <p>The Board is of the view that it is just and equitable for the NEDs to be paid the Directors' remuneration on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries.</p> <p><u>For Executive Chairman and CEO</u> The Executive Chairman and CEO's remuneration packages are structured based on linking corporate and individual performance, determined by Key Performance Indicators to variable incentives such as bonus, increment and ESOS as approved by the Board. The Executive Chairman and CEOs' performance bonus and share grant in respect of financial year 2017 performance were reviewed by the RC, after which they were approved by the Board.</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

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	:	The details of the individual Directors' remuneration for the financial year ended 31 December 2017 with breakdown into salaries and bonuses, fees, meeting allowances and benefits-in-kind are disclosed in the Corporate Governance Overview Statement of the Group's Annual Report 2017.
Explanation for departure	:	Please provide an explanation for the departure.
		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

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	:	For business, security, private and confidential reasons, details of certain individual Senior Management's remuneration are not shown. However, we have disclosed the remuneration packages of the Executive Chairman and CEO respectively.
		The total remuneration paid to the Senior Management is structured based on linking corporate and individual performance, determined by Key Performance Indicators to performance bonus, increment and other incentives. The Board will consider disclosing the remuneration of the other Senior Management as and when it is deemed appropriate.
<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 Audit Committee (“AC”) comprises of five (5) members who are Non-Executive Directors (“NEDs”).</p> <p>The AC Chairman, Mr. Loi Kim Fah is a member of the Malaysian Institute of Certified Public Accountants (MICPA), Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Taxation. He is not the Chairman of the Board.</p> <p>Mr. Loi Kim Fah is an Independent NED and was appointed as the AC Chairman since 3 February 2005. Ir. Edwin Lim Beng Fook is the Chairman of the Board.</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	:	The Group has always recognised the need to uphold independence. None of the members of the Board or Board Committees were former key audit partners.	
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>In the fourth quarter of 2017, the external auditors, Messrs. Baker Tilly Monteiro Heng ("BT") presented for the Audit Committee ("AC")'s review of its 2017 Audit Plan which outlined its engagement team, audit timeline, the areas of audit emphasis and their focus on key audit matters with reference to the International Standard on Auditing 701. This formed part of the AC's assessment of the suitability, objectivity and independence of BT on an annual basis. Based on the outcome of its assessment, the AC would decide as to whether or not to recommend to the Board for the shareholders' approval to be sought on the re-appointment of the external auditors at the forthcoming 17th Annual General Meeting ("AGM").</p> <p>It is the practice of the Board/AC to review the performance of the audit firm on a yearly basis. The objective of the said review is to assess the quality of the audit firm's performance and if satisfied, to recommend for re-appointment.</p> <p>In February 2018, BT in its presentation of the Audit Review Memorandum to the AC provided an assurance that they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of the Group for the financial year 2017.</p> <p>The AC was satisfied with the suitability of BT based on the quality of audit, performance, competency and sufficiency of resources provided by the external audit team to the Group. The AC was also satisfied in its review that the provision of non-audit services by BT to the Group for the financial year 2017 did not in any way impair BT's objectivity and independence as external auditors to the Group.</p> <p>In regard to the positive outcome of the annual assessment of the external auditors, the Board had approved the AC's recommendation for shareholders' approval to be sought at the 17th AGM on the re-appointment of BT as external auditors of the Company for the financial year 2018.</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 reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual Board Committee effectiveness evaluation.</p> <p>The AC members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes so as to enable them to sustain their active participation during deliberations.</p> <p>The Chairman and members of the AC are financially literate and have carried out their duties in accordance with the Terms of Reference of the AC.</p> <p>Based on the results of the Board Committee Assessment on the AC which was carried out in conjunction with the Board Effectiveness Evaluation 2017, the Board is satisfied with the AC's performance as its Chairman and members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC.</p> <p><u>Continuous Education</u></p> <p>(a) Dato' Azlam Shah bin Alias who was appointed on 2 February 2017 attended the Mandatory Accreditation Programme in April 2017 organized by ICLIFF to familiarise with the responsibilities and roles of a Director and understand the governance processes required for a public listed company.</p> <p>(b) The AC members were invited to various training programmes to keep abreast of relevant industry developments including accounting and auditing standards, business practices and rules to address any skills or knowledge gaps according to their needs. The AC Chairman, Mr. Loi Kim Fah who runs his own audit practice continues to be actively updated on accounting and audit practices</p>

	as part of his professional development requirement for his various professional memberships in MICPA, MIA and the Malaysian Institute of Taxation.	
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 affirms its overall responsibility for the Group’s system of internal control and risk management and for reviewing the adequacy and integrity of the system. The system of internal control covers governance, risk management, financial, strategy, organisational, operational, regulatory and compliance control matters. The Board recognises that this system is designed to manage the achieving of goals and objectives within the risk tolerance established by the Board and Management. Therefore, the system provides reasonable, but not absolute assurance against the occurrence of any material misstatement, loss or fraud.</p> <p>To further strengthen the risk management and compliance functions, the Group at the management level has a Risk Management Committee which acts as the centralised risk management hub integrated with a compliance function to provide a holistic and an enterprise wide view of risk and compliance management.</p> <p>The Group has in place a risk management framework for managing risks affecting its business and operations. The level of risk tolerance of the Group is expressed through the use of a risk impact and likelihood matrix with an established risk tolerance boundary demarcating those risks that are deemed to have “exceeded risk tolerance” and those that have not. Clear risk treatment guidance is in place stipulating the actions to be taken for each type of risk.</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 Board oversees the risk management matters of the Group, which includes identifying, managing, monitoring, treating and mitigating significant risks. The Risk Management Committee ("RMC") at the management level assists the Board to fulfil its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure of the Group. The RMC is also responsible for overseeing the compliance and business continuity functions.</p> <p>The RMC reviews and recommends for the Board's consideration and approval, the risk management principles, frameworks and policies for managing risks. The RMC also monitors and assesses the risk appetite and risk tolerance of the Group so as to safeguard the shareholders' investments and the Group's assets.</p> <p>The Group has an established and structured process for the identification, assessment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies and controls at the divisional and enterprise levels. The analysis and evaluation of risks are guided by approved risk criteria. The Group also has risk management tools to support the risk management process and reporting.</p> <p>In November 2017, the RMC reviewed and recommended the annual Corporate Risk Profile 2018 which specifies key enterprise risks, for approval by the Board. The Board at its meeting held in November 2017 considered the residual risk severity of the top 10 key risks of the Group and took into consideration the potential impact from any foreseeable future event or situation which could adversely affect the strategic objectives of the Group. The RMC regularly monitors the key risks facing the business in order to stay current on governance practices relating to the risks.</p> <p>Further details on the management and reporting of risks are provided in the Statement of Risk Management and Internal Controls on Pages 30 and 31 of the Annual Report 2017.</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 9.3 - 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 has an in-house internal audit (“IA”) function which is led by the IA Manager who reports directly to the Audit Committee (“AC”) and administratively to the Chief Executive Officer.</p> <p>In this respect, the IA Manager shall be accountable in reporting to the AC on the assessment of adequacy and effectiveness of the Group’s internal control and risk management processes. He has full access to the AC Chairman for consultation and clarification on audit scope and objectives as well as reporting purpose.</p> <p>As guided by the IA’s Audit Charter, the IA is independent of the activities and processes which it appraises to ensure that it is able to perform its duties in an objective manner and provide impartial advice to the AC.</p> <p>The IA function undertakes an independent assessment on the internal control and risk management system of the Group and provides assurance to the AC that no material issue or major deficiency has been noted which would pose a high risk to the overall system of internal control under review.</p> <p>To ensure that the responsibilities of the IA are independently and fully discharged, the AC reviews:-</p> <ul style="list-style-type: none">(a) the appointment and removal of the IA Manager;(b) the adequacy of the IA’s scope, competency, experience and resources of the IA function; and(c) the appraisal or assessment of performance of the IA function and performance of the IA Manager, who is responsible for the regular review of the effectiveness of risk management, control, and governance processes within the Group; <p>The IA engagements were carried out based on the Audit Plan 2017 as approved by the AC. The results of the audits as disclosed in the IA reports were reviewed by the AC. The relevant Management members were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes. The IA conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately. In this respect, the IA has added value by enhancing the governance, risk management and control processes within the Group.</p>

	<p>The AC had reviewed the IA's Business Plan and Budget for 2018 on 26 February 2018.</p> <p>The IA Manager constantly keeps himself abreast with developments in the profession, relevant industry and regulations through attendance at conferences/trainings.</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	:	<p>In accordance with the Internal Audit's ("IA") Charter [Paragraph 6 - Independence & Objectivity], the IA is required to confirm to the Board (via the Audit Committee ("AC")), at least annually, the organizational independence of the internal audit function. This is also in accordance with Standard 1110 - "Organisational Independence" of the International Standards for Professional Practice of Internal Auditing.</p> <p>All auditing endeavours are conducted in compliance with the Institute of Internal Auditors' ("IIA") Definition of Internal Auditing, Code of Ethics and the International Standards for Professional Practice of Internal Auditing as set out in the Terms of Reference ("TOR") of the AC.</p> <p>The IA had in February 2018 confirmed its organisational independence to the AC, wherein, the IA manager had signed the annual declaration that he was and had been independent, objective and in compliance with the Code of Ethics of Bursa Malaysia and the professional standards laid down by the IIA in carrying out their duties for the financial year 2017.</p> <p>He had also confirmed via the annual declaration that he is free from any relationships or conflicts of interest, which could impair his objectivity and independence. He provided assurance to the AC that whilst carrying out his duties as internal auditors of the Group, he:-</p> <ol style="list-style-type: none">(1) was independent of the process/area/division/department that he is auditing;(2) applied and upheld the principles stated in the IIA's Code of Ethics; and(3) complied with the requirements as stated in Bursa Malaysia's Code of Ethics. <p>The IA function has 1 personnel comprising solely the IA Manager, namely Loh Wai Keong who is an Associate Member of the Institute of Internal Auditors Malaysia (IIA Malaysia).</p> <p>The AC was also satisfied that the IA function is performed in accordance with the IIA's Definition of Internal Auditing and Code of</p>

	Ethics and that it conforms to the International Standards for Professional Practice of Internal Auditing. This would enable the IA function to continuously deliver value-added assurance and support the Group in achieving its corporate and strategic objectives.	
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 ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure. The Group also actively engages all its stakeholders through various platforms including announcements via Bursa LINK, disclosures on the Group's website and engagement through investor relations' functions.</p> <p>The Group via its website, includes an Investors Section which provides all relevant key information which is accessible to the public. This Investors Section enhances the Investor Relations ("IR") function by including all announcements made on Bursa Malaysia, quarterly and annual reports as well as the corporate and governance structures of the Group.</p> <p>The IR function is established to enable continuous communication between the Group and its stakeholders. The stakeholders are encouraged to channel their concerns to the Board Chairman and/or the Audit Committee Chairman at e-mail address:- corp@k-one.com which is provided on the Group's website.</p> <p>To facilitate the stakeholders' understanding of the Group with respect to its business and policies on governance, the Group has published various documents pertaining to the organisation, Board and Management, corporate governance, policies, charters, terms of references as well as other corporate information on its Corporate section under 'Investors' for easy reference.</p> <p>The Group has also utilised information technology broadly and effectively to disseminate information with regard to the publishing of the quarterly financial results. The results are announced via Bursa LINK on the same day after the Board's approval and the financial results are uploaded on the Group's website at the same time or the following day. This is important in ensuring that equal and fair access to information is provided to the investing public to make informed decisions.</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	:	The K-One Group is not a "Large Company" as defined under the Malaysian Code on Corporate Governance (MCCG) to adopt integrated reporting. MCCG defines a "Large Company" as a company included on the FTSE Bursa Malaysia Top 100 Index or a company with market capitalisation of RM2 billion and above at the start of the company's financial year.	
		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>In line with the Malaysian Code of Corporate Governance, the Company dispatches the notice of its 17th Annual General Meeting (“AGM”) and Annual Report 2017 at least 28 days prior to the AGM. This provides adequate time for shareholders to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.</p> <p>The Group distributes Notice of the AGM, which provides information to the shareholders regarding the details of the AGM, their entitlement to attend the AGM, their right to appoint a proxy and information as to who may count as a proxy. The Company allows a member to appoint a proxy or proxies who need not be a member of the Company.</p> <p>The notes to the Notice of the 16th AGM dated 28 April 2017 had provided detailed explanations for each resolution proposed on special business, e.g., authority to issue and allot shares, shareholders’ mandate for share buy-back, etc, to enable shareholders to make informed decisions in exercising their voting rights.</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 12.2

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>At the 16th Annual General Meeting (“AGM”), all the 7 Directors were present in person to engage directly with shareholders and be accountable for their stewardship of the Group. Amongst them, three (3) Directors were concurrently the Board Chairman, Chairmen of the Audit Committee, Nomination and Remuneration Committees (“NRC”) respectively.</p> <p>The proceedings of the 16th AGM included the presentation of the external auditors’ unqualified report to the shareholders and a Questions & Answers session during which the Board Chairman invited shareholders to raise questions pertaining to the Group’s financial statements and other items for adoption at the meeting, before putting a resolution to vote.</p> <p>The Directors, Board Chairman, CEO, Management and external auditors were in attendance to respond to the shareholders’ queries.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The AGM of the Company is being held at a convenient location in Petaling Jaya which is easily accessible via public transport.</p> <p>Moving forward, the Company will consider leveraging on technology to facilitate greater shareholders’ participation in general meeting.</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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