

CORPORATE GOVERNANCE REPORT

STOCK CODE : 1007
COMPANY NAME : Amcorp Properties Berhad
FINANCIAL YEAR : March 31, 2020

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.

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| Application | : Applied |
| Explanation on application of the practice | <p>The Board of Directors of Amcorp Properties Berhad (the "Company") has overall responsibility for promoting the sustainable growth and financial soundness of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for creating and delivering sustainable value and long-term success through its leadership and management of the Group's business.</p> <p>The Directors together as a team, set the values and standards of the Company and ensure that the Group's business is properly managed to safeguard the Group's assets and shareholders' investment.</p> <p>To assist the Board in carrying out its responsibilities and functions, it has delegated certain responsibilities to the Board Committees namely, Audit Committee, Nomination and Remuneration Committee ("N&R Committee"), Employees' Share Scheme Committee and Sustainability Management Committee to ensure that a good corporate governance framework is in place within the Group.</p> <p>The Board has clearly demarcated the day-to-day operational functions of the Management and the overall responsibilities of the Board through the Board Charter and other governance documents. The following paragraphs describe the Board's role in discharging its key fiduciary duties, leadership functions and responsibilities:</p> <p>(1) The Board plays an active role in the development of the Company's strategy, and monitoring of its performance and implementation. The annual budget and strategy of the Group was presented to the Board at its Meeting held in May 2019 where the Board deliberated in detail and provided their feedback and guidance.</p> <p>In November 2019, the Board reviewed the year-to-date results of the budget and strategy including financial performance of the Company. Progress is monitored against the performance targets as approved by the Board.</p> |

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| | <p>The Management, led by the Group Chief Executive Officer (“CEO”) is responsible for the day-to-day operations of the Group’s business activities. He is supported by a Management Committee team which meets monthly to review and discuss on the Group’s operational and financial results. The Board exercised oversight through quarterly review and deliberated on the Group’s performance, Management’s proposal, as well as challenged the Management’s views and assumptions (where necessary) prior to the approval.</p> <p>During the financial year, the Board also discussed and evaluated new overseas ventures and growth opportunities to complement the existing portfolio of the Group.</p> <p>(2) The Board continues to maintain and regularly review the adequacy of the Group’s system of internal control and risk management processes to ensure, as far as possible, the protection of the Group’s assets and its shareholders’ investments.</p> <p>The Company’s Risk Management Committee comprising members with risk and business management knowledge and experience, monitors the implementation of risk management policies and strategies that were approved by the Board. It monitors and manages the principal risk exposures by ensuring that Management has taken the necessary steps to mitigate such risks and recommends action where necessary. The Risk Management Committee presented quarterly reports to the Audit Committee which in turn will brief the Board on its findings, if so required.</p> <p>Key risks deliberated by the Risk Management Committee during the financial year include, amongst others, regulatory changes in countries where the Group operates, weakening demand for properties in Malaysia, foreign currency risks, feasibility of new potential investments, compliance risk arising from change in laws and regulations including amendment to the MACC Act 2009 and health and safety risk arising from viral pandemic.</p> <p>(3) The Board through the N&R Committee is responsible to ensure that there is an orderly succession planning within the Group. The Terms of Reference of the N&R Committee outlines its responsibilities on selection and assessment of Managing Director/Chief Executive/Deputy Chief Executive/Executive Director.</p> <p>On-going succession planning and training which are aligned to the organisation’s objectives are put in place to ensure orderly management transition in the Group. The succession plan covers identification of internal and/or external candidates for leadership and management role so that the Board and Management team comprise high calibre people with the necessary and desirable experience and competencies that best meet the Group’s needs. The criteria used to assess potential successors are formulated based on the Company’s business strategies, corporate culture as well as diversity. Adequate resources and time will be provided to the selected employees for development and mentoring.</p> |
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| | <p>(4) The Board as a whole, together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour.</p> <p>During the financial year, Management had conducted self-assessment on the Group's compliance level with the Guidelines on Adequate Procedures issued by the Prime Minister's Department and the outcome of the assessment was presented to the Board in February 2020. Policies and procedures were put in place to enhance the Group's compliance with the Guidelines, which includes Code of Conduct for Business Partners and gift declaration form, conduct of awareness training to employees.</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.

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| Application : | Applied |
| Explanation on application of the practice : | <p>The Chairman of the Board is responsible for the leadership and governance of the Board, ensuring its effectiveness, orderly conduct and working of the Board.</p> <p>The responsibilities of the Chairman include, amongst others, the following:</p> <ul style="list-style-type: none">(i) to lead the Board and ensure its effectiveness of all aspects of its role;(ii) to lead the Board in establishing and monitoring good corporate governance practices in the Company;(iii) to ensure the efficient organisation and conduct of the Board's function and meetings and ensure that Board members receive complete and accurate information in a timely manner to facilitate decision-making;(iv) to facilitate the effective contribution of all Directors at Board meetings. This includes encouraging active participation by all Directors and allowing dissenting views to be freely expressed;(v) to act as facilitator at Board meetings and to ensure that no Board member, Managing Director/CEO or Management member dominates discussion;(vi) to promote constructive and respectful relations between Directors, and between the Board and Management;(vii) to provide guidance and mentoring to the Managing Director/CEO;(viii) to ensure the process of Board evaluation is conducted; and(ix) to ensure effective communication with shareholders and relevant stakeholders and that their views are communicated to the Board as a whole. <p>The roles and responsibilities of the Chairman have been clearly specified in the Board Charter, which is available on the Company's website at www.amcorpproperties.com.</p> |
| Explanation for departure : | |

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is chaired by Puan Shalina Azman who is a Non-Independent Non-Executive Chairman whilst the Management of the Company lies with the Group CEO, Mr. Lee Keen Pong.</p> <p>The roles of the Chairman and Group CEO are separated with clear distinction of responsibility between them to ensure that there is a balance of power and authority so that no one has unfettered powers of decision. The division of responsibilities between the Chairman and Group CEO would also ensure sufficient time commitment of the Chairman and Group CEO to allow effective discharge of their respective duties.</p> <p>The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the Group CEO is overall responsible for the day-to-day running and management of the Group's operations and businesses and implementation of Board's policies and decisions. The Group CEO leads the Management team in carrying out the Company's strategy and meets the Management members regularly to discuss and resolve operational issues.</p> <p>The roles of Chairman and Group CEO are clearly defined in the Company's 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 | : | |
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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.

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| Application : | Applied |
| Explanation on application of the practice : | <p>The Board is supported by suitably qualified Company Secretaries under Section 235 of the Companies Act 2016 who are experienced, competent and knowledgeable. They play an advisory role and are source of information and advice to the Board and its Committees on issues relating to corporate governance matters, compliance with laws, rules, procedures and regulations affecting the Group. All Directors have unrestricted access to the advice and services of the Company Secretaries.</p> <p>The Company Secretary attends all Board and Board Committees meetings and ensures that Board procedures and policies are met. He is accountable to the Board, through the Chairman, on all matters relating to proper functioning of the Board and work closely with the Chairman to manage the flow of information between the Board, its Committees and Management across the Group.</p> <p>The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes.</p> <p>The Board is satisfied with the performance and support by the Company Secretaries to the Board in discharging its functions.</p> <p>Further details on the role of the Company Secretaries are set out in the Company's 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

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.

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| Application | : Applied |
| Explanation on application of the practice | <p>The Board meetings (including Board Committees' meetings) are planned in advance prior to the commencement of each new calendar year and the schedule is circulated to the Directors well in advance to enable them to plan ahead.</p> <p>Board members are given at least seven (7) days' notice before any Board meeting is held. As a best practice and to allow ample time for Directors to study and evaluate the matters to be discussed and where necessary, to obtain further information and explanations to facilitate informed decision making, full agenda and comprehensive Board papers are circulated to all Directors at least five (5) business days in advance of each Board and Board Committees' meeting. Occasionally, the Board and Board Committee meetings may be called at a shorter notice when critical decisions need to be made.</p> <p>The Board papers are also circulated via paperless platform where the Directors can access the Board papers from their tablet devices online from any location. This accorded enhanced mobility, document e-storage, cost and time savings and improved convenience in accessing meeting papers.</p> <p>Senior Management members are invited to attend the Board and Board Committees' meetings to brief and provide comprehensive explanation on pertinent issues. Professional advisers appointed by the Company for corporate proposals to be undertaken would also be invited to render their advice and opinion to the Directors. The Directors, whether collectively as a Board or in their individual capacity, have the liberty to seek external and independent professional advice, if so required by them, in furtherance of their duties at the Company's expense.</p> <p>The deliberations and decisions at Board and Board Committees' meetings are well documented in the minutes, including matters where Directors abstained from voting and deliberation. Matters arising from the Board and Board Committees' meetings would be updated at the subsequent meeting.</p> <p>The minutes of meetings are circulated to all Directors and Board Committees' members for perusal prior to confirmation at the next meetings. The signed minutes are properly filed and kept.</p> |

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| Explanation for departure : | | |
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| Measure : | | |
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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.

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| Application | : | Applied |
| Explanation on application of the practice | : | The Board Charter sets out the role, functions, composition, operation and processes of the Board as well as the matters that the Board may delegate to the Board Committees, all of which operate within their respective defined terms of reference, the Managing Director/CEO and Management. |
| | | The Board Charter provides guidance to the Board members and Senior Management in performing their duties and responsibilities based on the key values and principles as committed, to uphold the value of good corporate governance in the Company. It also assists the Board in assessment of its own performance and that of its individual Directors. |
| | | There is a formal schedule of matters reserved for the Board’s consideration and decision which is set out in the Board Charter and these matters are communicated widely throughout the Management. |
| | | The Board will periodically review and update the Board Charter in accordance with the needs of the Company and any regulations that may bring an impact in the corporate governance practices of the Company and the responsibilities of the Board in discharging its governance function. |
| The Board Charter is available on the Company’s website at www.amcorpproperties.com . | | |
| Explanation for departure | : | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
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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.

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| Application : | Applied |
| Explanation on application of the practice : | <p>The Directors are guided by a high standard of ethical behaviour in accordance with the Directors' Code of Conduct and Ethics which is available on the Company's website at www.amcorpproperties.com.</p> <p>The Directors' Code of Conduct and Ethics provides principles and standards relating to Directors' duties and serves as a guideline for the Board to act in the best interest of the Company, and fulfil their fiduciary obligations to all its stakeholders. It covers, amongst others, the areas of transparency, integrity, accountability, conflict of interest, anti-corruption/bribery, confidentiality, insider trading, anti-money laundering, proper use of the Company's assets, and compliance with laws, rules and regulations. The Directors are also required to immediately report any concern about possible/actual breaches of the Directors' Code of Conduct and Ethics by any Director to the Chairman of the Board.</p> <p>The Company's Code of Conduct and Ethics for the employees of the Group set out in the Company's Employee Handbook prescribes the core values and principles, and ethical standards of conduct expected from the employees which includes provisions on employment practices, conflict of interest, confidentiality and privacy, commitment and diligence. All employees are also guided by a range of supporting internal policies and guidelines that apply to all companies within the Group.</p> <p>During the financial year, the Company had put in place Code of Conduct for business partners to provide fundamental guiding principles to business partners on its conduct of business with the Group. It covers principles on compliance with laws and regulations, anti-corruption/bribes/gifts, conflict of interest, fair competition, confidential information, insider trading and anti-money laundering. The Code of Conduct for business partners is available on the Company's website.</p> |
| Explanation for departure : | |

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

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| 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established a whistle blowing policy to provide an avenue for employees and stakeholders to report genuine concerns about malpractices, unethical behaviour, misconduct, criminal offences, miscarriage of justice, endangerment of an individual’s health and safety or failure to comply with regulatory requirements without fear of reprisal, discrimination or adverse consequences. Confidentiality of the matters raised and the identity of the whistle blowers are protected under the policy. The Company’s whistle blowing mechanism is administered by the Internal Audit Division and overseen by the Audit Committee. Any concerns raised will be investigated and the outcome will be reported to the Audit Committee. If a violation is determined at the conclusion of an investigation, effective remedial action commensurate with the severity of the offence will be taken. Necessary steps will also be implemented to prevent similar situation from arising.</p> <p>The Internal Audit Division maintains records of the date and content of feedback they received from different whistle blowing reporting channels and the records are tabled to the Audit Committee on a quarterly basis.</p> <p>Dedicated whistle blowing email address and hotline are available on the Company’s website.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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 | | | | | | | | | | | | |
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| Explanation on application of the practice | <p>The Board at all times, comprises at least 50% of Independent Directors.</p> <p>In July 2019, Dato' Che Md Nawawi bin Ismail, who has served as Independent Director for 12 years, had stepped down from the Board to conform with the 12-year tenure policy for Independent Directors.</p> <p>The current Board composition is as follows:</p> <table border="1"><thead><tr><th>Designation</th><th>No. of Director</th><th>Percentage (%)</th></tr></thead><tbody><tr><td>Non-Independent Non-Executive Director</td><td>3</td><td>50</td></tr><tr><td>Independent Non-Executive Director</td><td>3</td><td>50</td></tr><tr><td>Total</td><td>6</td><td>100</td></tr></tbody></table> <p>The presence of Independent Directors on the Board ensures that the interests of minority shareholders, and not only the interest of a particular fraction or group, are taken into account by the Board. They play a crucial role in the exercise of independent assessment, impartial opinion, and objective participation in Board deliberations and the decision-making process and provide for effective check and balance in the functioning of the Board.</p> <p>The Independent Directors do not participate in the day-to-day management of the Company and do not engage in any business dealings and are not involved in any other relationship with the Company (other than in situations permitted by the applicable regulations) which could materially interfere with the exercise of their independent judgement. None of the Independent Directors have any equity interest, whether direct or indirect, in the Company.</p> <p>All Independent Directors meet the criteria for independence as prescribed under the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Company's policy on assessment of Directors' independence. They have also provided the annual declaration/confirmation on their independence to the Company in May 2020.</p> | Designation | No. of Director | Percentage (%) | Non-Independent Non-Executive Director | 3 | 50 | Independent Non-Executive Director | 3 | 50 | Total | 6 | 100 |
| Designation | No. of Director | Percentage (%) | | | | | | | | | | | |
| Non-Independent Non-Executive Director | 3 | 50 | | | | | | | | | | | |
| Independent Non-Executive Director | 3 | 50 | | | | | | | | | | | |
| Total | 6 | 100 | | | | | | | | | | | |

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| | <p>The N&R Committee and the Board have upon their assessment for the financial year under review concluded that all Independent Directors of the Company continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them is independent of the Company's management and free from any business or other relationship which could materially interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. The Board was satisfied with the level of independence demonstrated by all Independent Directors.</p> | |
| <p>Explanation for departure :</p> | | |
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| <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 4.2

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.

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| Application : | Applied - Annual shareholders' approval for independent directors serving beyond 9 years |
| Explanation on application of the practice : | <p>The Board takes cognisance of the best practice of Malaysian Code on Corporate Governance ("MCCG") on the tenure of Independent Director which shall not exceed a cumulative term of nine (9) years.</p> <p>In this regard, the Company had sought its shareholders' approval at the last Annual General Meeting ("AGM") held in August 2019 for Mr. P'ng Soo Theng who has served on the Board for more than nine (9) years, to continue in office as Independent Director until the conclusion of the forthcoming AGM.</p> <p>Premised on the outcome of the annual assessment undertaken by the N&R Committee for the financial year, the Board will seek shareholders' approval at the forthcoming 54th AGM to retain Mr. P'ng Soo Theng as Independent Director based on the following justifications:</p> <ul style="list-style-type: none">(i) He fulfilled the definition of Independent Director under the Listing Requirements and being independent, he will be able to function as a check and balance, bringing an element of objectivity to the Board;(ii) He is free from any conflict of interest with the Company;(iii) The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the interest of the Company;(iv) He actively participated in Board and Board Committee deliberation, judged in an independent and unfettered manner, discharged his duties with reasonable care, skill and diligence; brought independent thought and experience and provided objectivity in decision making;(v) He has exercised due care and diligence in all undertakings of the Company and has carried out his duties proficiently in the best interest of the Company and the minority shareholders during his tenure as Independent Director;(vi) He possessed detailed knowledge of the Company's business operations, the challenges faced by the Company, the environment in which it operates and the Company's corporate history. The Board benefits from his experience, who has, over time, gained valuable insights into the Company, its market and the industry; |

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| | <p>(vii) He has proven business acumen, professional background and qualifications. His extensive experience in various fields and industries meet the Company's required mix of skills and Board diversity; and</p> <p>(viii) He devoted sufficient time and attention to his responsibility as Independent Director of the Company.</p> <p>The Board had in place a 12-year tenure policy for its Independent Directors. The said policy limits the tenure of an Independent Director to not exceeding a cumulative term of 12 years. Upon completion of the 12 years, the Independent Director may continue to serve the Board subject to the Director being redesignated as Non-Independent Director.</p> <p>Dato' Che Md Nawawi bin Ismail, who has served as Independent Director for 12 years, had stepped down from the Board on 11 July 2019 to conform with the Company's 12-year tenure policy for Independent Directors.</p> <p>As at to-date, none of the other Independent Directors have served more than 12 years on the Board.</p> | |
| <p>Explanation for departure :</p> | | |
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| <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.

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| 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.

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| Application | : Applied |
| Explanation on application of the practice | <p>The N&R Committee assists the Board in ensuring the existence of the right mix of skills, knowledge, experience, expertise, gender, ethnicity, age and other factors that are relevant and contribute to the effective functioning of the Board.</p> <p>As part of the N&R Committee's oversight of Board succession planning, it is also responsible for identifying suitable candidates to fill Board vacancies as and when the needs arise, or to identify candidates to complement the Board's current composition, and make recommendations to the Board on their appointment to the Board and where applicable, to the various Board Committees. The N&R Committee will assess the suitability of candidate, taking into consideration the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, personal qualities, the potential for the candidate's skills to augment the existing Board, the candidate's availability to commit to the Board's activities, and in the case of candidate proposed for appointment as Independent Director, the candidate's independence. The N&R Committee is responsible to ensure that the procedures for appointing new Directors are transparent and that appointments are made on merits.</p> <p>The Group practices non-discrimination in any form whether based on age, gender or ethnicity throughout the organisation and this includes the selection of Board members.</p> <p>The Board recognises the challenges in achieving the right balance of diversity on the Board. This will be done over time, taking into account the present size of the Board, the valuable knowledge and experience of the present Board members and the evolving challenges faced by the Company. The Board also believes that while it is important to promote gender diversity, the normal selection criteria of a Director, based on effective blend of competencies, skills, experience and knowledge in areas identified by the Board should remain a priority and all appointments to the Board should be made on merit so as not to compromise on effectiveness in carrying out the Board's functions and duties. Hence, the Board is committed to ensuring that its composition not only reflects the diversity as recommended by MCCG, as best as it can, but also has the right mix of skills and balance to contribute to the achievement of the Company's goal. Nevertheless, female representation will be considered when vacancies arise and suitable candidates are identified.</p> |

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| | The Group provides fair and equal opportunity in employment and nurturing within the Group regardless of race, nationality, ethnic origin, age, religion, gender, marital status, disability, or any other characteristic unrelated to the performance of the job. The selection of senior management is also based on objective criteria, merit and with due regard for diversity in skills, experience, qualification, age, cultural background and gender. | |
| Explanation for departure : | | |
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| <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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises the importance of diversity in terms of a broad range of skills and competencies, experience, background and gender to ensure balanced and effective decision making. As encapsulated in the Board Charter, the Board aims to maintain a diversity of experiences, skills and attributes among its members. In addition, the Board intends to pursue gender, age and ethnicity diversity across the Group as a combination of personalities that provides a comprehensive range of perspectives and experiences resulting in improved quality of decision making.</p> <p>The Board shall endeavour to have women representative(s) on the Board. Whilst the Board acknowledges the importance of boardroom diversity, appointments to the Board shall always be based on merit.</p> <p>The Board is led by a female Chairman since year 2014.</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 4.6

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.

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| Application : | Applied | |
| Explanation on application of the practice : | <p>The Board in identifying candidates for appointment of Directors will ensure that the best quality candidates, taking into consideration their character, knowledge, capabilities, professionalism, integrity, expertise, experience and time commitment are appointed. To this end, the N&R Committee will rely on various sources from recommendations from existing Board members, Management or major shareholders as well as independent sources, where required.</p> <p>In summary, the nomination, election and appointment process are as follows:</p> <div data-bbox="475 929 1316 1332" style="text-align: center;"> <pre> graph LR A[Conduct annual assessment and identify gaps] --> B[Identify potential candidates] B --> C[Evaluate and shortlist potential candidates] C --> D[Provide views and recommendation to the Board] D --> E[Board makes final decision on appointment] </pre> </div> <p>There was no new appointment to the Board during the financial 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

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 | : | <p>The N&R Committee is chaired by Encik Kamil Ahmad Merican, an Independent Director.</p> <p>The specific responsibilities of the Chairman of the N&R Committee are set out in its Terms of Reference, which is available on the Company's website.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Stakeholders are able to 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 N&R Committee reviews annually, the effectiveness of the Board as a whole and Board Committees as well as the performance of individual Directors, Group CEO and Deputy Group CEO. The evaluation involves the Committee members completing evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered.</p> <p>The parameters used in the assessment are as follows:</p> <ul style="list-style-type: none">• Board as a whole – Board mix and balance, composition, compliance and governance, accountability and responsibility, conduct at meeting, business knowledge, communication and value added contribution, quality of information and decision making, performance management, Board dynamics and relationships;• Board Committees – terms of reference, attendance of members at the meetings, knowledge, skills and competencies, communications with the Board as well as contribution of each Audit Committee’s member to the effectiveness of the Audit Committee;• Individual Directors (involves peer-to-peer assessment), Group CEO and Deputy Group CEO – knowledge and experience, integrity and ethics, governance, strategic perspective, judgement and decision making, teamwork, communication and commitment. Independent Directors (involves self-assessment) are further measured on his ability to exercise independent judgement and ability to demonstrate the criteria associated with independence. <p>The results of assessment were summarised and discussed at N&R Committee meeting which will then be reported to the Board for discussion on areas for improvement and identification of actions for improvement. This would also assist the Board in identifying the training needs of Directors. All assessments and evaluations carried out are properly documented.</p> |

| | | |
|--|--|--|
| | <p>Based on the results of the evaluations for the financial year under review, the Board concluded that the Board as a whole and its Committees have been effective in discharging their oversight responsibilities and there was an appropriate size and mix of skills, experience and core competencies in the composition of the Board and that each of the Directors as well as the Group CEO and the Deputy Group CEO possesses the required competence and character to manage the Group's affairs and created value for the organisation and its shareholders. The Board also concluded that each of the Directors has fulfilled their responsibilities and obligations as members of the Board/Board Committees.</p> <p>The N&R Committee is satisfied that the current Board size and composition remains appropriate, taking into account the Group's businesses and the size of its business operations.</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 Company has in place a Remuneration Policy for Directors and Group CEO/Deputy Group CEO which sets out the criteria applied in recommending their remuneration packages.</p> <p>Further details are explained in the Corporate Governance Overview Statement on page 43 of the Annual Report 2020.</p> <p>The Remuneration Policy for Directors and Group CEO/Deputy Group CEO is available on the Company's website.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company’s desire to attract and retain the right talent in the board and senior management to drive the company’s long-term objectives.

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

Practice 6.2

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

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has a combined N&R Committee with three (3) members, two (2) of whom are Independent Directors.</p> <p>The role of the N&R Committee in respect of the matters relating to remuneration is to assist the Board in reviewing the remuneration framework of Directors and Group CEO/Deputy Group CEO, with the aim to attract, retain and motivate Directors and Group CEO/Deputy Group CEO who will create sustainable value and returns for the Company’s stakeholders.</p> <p>A summary of the N&R Committee’s activities during the financial year is reported in the Corporate Governance Overview Statement on page 39 of the Annual Report 2020.</p> <p>The duties and responsibilities of the N&R Committee in relation to remuneration policy are stated in its Terms of Reference which is available on the Company’s website.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 7.1

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

| Application : | Applied | | | | | | | | | |
|--|---|-----------|-----------------------|----------------------------|-----------------------|-----------|-----------------------|----------------------------|-----------------------|----------------|
| Explanation on application of the practice | The remuneration received and receivable by the Directors for the financial year is set out in the table below: | | | | | | | | | |
| | | Company | | | | Group | | | | Total (RM) |
| | | Fees (RM) | Other Emoluments (RM) | Defined Contributions (RM) | Benefits-in-kind (RM) | Fees (RM) | Other Emoluments (RM) | Defined Contributions (RM) | Benefits-in-kind (RM) | |
| | Shalina Azman | 60,000 | 636,000 | 120,840 | 33,400 | 60,000 | 636,000 | 120,840 | 33,400 | 850,240 |
| | Soo Kim Wai | 60,000 | - | - | - | 60,000 | - | - | - | 60,000 |
| | P'ng Soo Theng | 60,000 | 10,000 | - | - | 60,000 | 10,000 | - | - | 70,000 |
| | Kamil Ahmad Merican | 60,000 | 11,000 | - | - | 60,000 | 11,000 | - | - | 71,000 |
| | Tan Bun Poo | 60,000 | 12,000 | - | - | 60,000 | 12,000 | - | - | 72,000 |
| | Lum Sing Fai | 60,000 | - | - | - | 60,000 | - | - | - | 60,000 |
| | Dato' Che Md Nawawi Ismail <i>(Resigned on 11 July 2019)</i> | 17,500 | 5,000 | - | - | 29,500 | 5,000 | - | - | 34,500 |
| Explanation for departure : | | | | | | | | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | | | | | | | | |
| Measure : | | | | | | | | | | |
| Timeframe : | | | | | | | | | | |

Intended Outcome

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

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

| | | |
|---|---|--|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The Group is of the view that the disclosure of remuneration of the Top 5 Senior Management on a named basis would not be in the best interest of the Group and the Senior Management as such disclosure may:</p> <ul style="list-style-type: none">• expose the Senior Management to personal security risk• subject the Company to the risk of attrition• cause disharmony among team members and be counter-productive• lead to increased cost to the Group |
| | | <p><u>Alternative Practice</u></p> <p>The total remuneration paid to the top management is RM13,223,247⁽¹⁾ in the financial year ended 31 March 2020. The top management team comprises those charged with group functions as well as those charged with leading a business unit. As at 31 March 2020, the top management team comprises 10 personnel.</p> <p>The remuneration is a combination of fixed and variable elements including salary, defined contribution to provident fund, bonus, allowances and benefit-in-kind. Factors that are considered in determining their remuneration include :</p> <ul style="list-style-type: none">(a) Group and/or unit performance (both qualitative and quantitative)(b) Scope of duty and responsibilities(c) Skills and experience(d) Individual's performance (both qualitative and quantitative)(e) General economic situation and operating environment(f) Future prospect of the business(g) Prevailing market practices <p>This is consistently practised by the Group from previous years. The Group is committed to retaining the right people with the required skills, experience, professionalism and integrity to enhance the Group's long term shareholders' and stakeholders' value.</p> <p>The Board believes that such disclosure is able to provide stakeholders a fair view of the remuneration paid as it is linked to the Group's performance.</p> |

| | | |
|---|---|--|
| | <p>The Board also assures that there is a robust internal process to ensure that the remuneration of senior management is fair and competitive when benchmarked internally for equitability and externally with the market.</p> <p><i>Note:</i> ⁽¹⁾ <i>A portion of the top management remuneration paid is linked to the Group's performance for the preceding financial year.</i></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>:</p> | |
| <p>Timeframe</p> | <p>:</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 7.3 - 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 currently comprises four (4) Non-Executive Directors, three (3) of whom are Independent Directors, which is in compliance with the Listing Requirements of Bursa Securities.</p> <p>The Audit Committee was chaired by Dato' Che Md Nawawi bin Ismail, an Independent Director, who is not the Chairman of the Board. On 11 July 2019, Mr. Tan Bun Poo, an Independent Director and is not Chairman of the Board, was appointed the Chairman of the Audit Committee in place of Dato' Che Md Nawawi bin Ismail who stepped down from the Board in accordance with the Company's 12-year tenure policy for Independent Directors.</p> <p>This practice has always been adopted by the Company and is reflected in the Terms of Reference of the Audit Committee.</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

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>None of the members of the Audit Committee are former audit partner of the Company’s external auditors.</p> <p>The Terms of Reference of the Audit Committee stipulates that <i>“no former audit partner of the Company’s external auditors shall be appointed to the Audit Committee unless he/she has observed a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.”</i></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 Audit Committee conducts yearly assessment on the suitability and independence of the external auditors.</p> <p>The assessment process involved obtaining feedback from the Audit Committee and finance personnel who regularly interacts with the external auditors through the completion of a detailed questionnaire covering the criteria as set out below:</p> <p><u>Suitability Assessment</u></p> <ul style="list-style-type: none">• The engagement partner's qualification, knowledge and experience;• The level of engagement, communication and interaction with the Audit Committee and whether the external auditors have provided independent views in the discussions with the Audit Committee;• Level of knowledge, skills, capabilities, experience and quality of works;• Level of understanding of the nature of business of the Company and the industry in which the Company operates;• Ability to update/advise the Audit Committee on significant issues concerning the Group, new developments (including the applicability of new and significant accounting standards) and the impacts on the Group;• Ability to identify risks/potential issues and provide constructive recommendations, observations and implications in areas requiring improvements particularly with regard to the internal control system relating to financial reporting of the Group; and• Adequacy of audit scope and conduct of audit, effectiveness in planning and coordinating audit efforts, and use of audit resources. <p><u>Independence Assessment</u></p> <ul style="list-style-type: none">• Whether the provision of non-audit services has impaired the independence and objectivity of the external auditors;• Whether there are indications that the external auditors are significantly dependent on the Company for their fee income; and• Whether the external auditors had demonstrated unbiased stance when interpreting policies and standards adopted by the Company and are able to maintain independence from Management in order to carry out their functions impartially. |

| | | |
|---|---|--|
| | <p>As part of the annual audit exercise, the Company also obtains assurance from the external auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. In compliance with the requirements of the Malaysian Institute of Accountants By-Laws, the external auditors shall rotate their audit partners assigned to the Group every seven (7) years, in order to ensure objectivity, independence and integrity of the audit opinions.</p> <p>The Board through the Audit Committee has considered the nature of the non-audit services rendered by the external auditors and their affiliated companies during the financial year under review and has determined that the provision of such services did not compromise the external auditors' independence and objectivity as the amount of fees paid for the services was not significant when compared to the total fees paid to the external auditors. Details of fees paid for non-audit services are set out on page 47 of the Annual Report 2020. The Audit Committee was also satisfied that the external auditors had the relevant qualifications in performing their duties and were able to remain independent and objective.</p> <p>Based on the outcome of the annual assessment and having satisfied with the suitability and independence of BDO PLT, the quality and competency of services delivered and sufficiency of the professional staff assigned to the annual audit for the financial year under review, the Board had in June 2020 approved its Audit Committee's recommendation on the re-appointment of BDO PLT for shareholders' approval at the forthcoming AGM.</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

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 conducts annual evaluation to review the term of office and performance of the Audit Committee and each of its members in accordance with Paragraph 15.20 of the Listing Requirements of Bursa Securities.</p> <p>The Chairman and members of the Audit Committee are financially literate. Their qualifications and experience are disclosed in the Profile of Directors in the Annual Report 2020.</p> <p>A summary of the Audit Committee's activities during the financial year is set out in the Audit Committee Report on pages 52 to 55 of the Annual Report 2020.</p> <p>Based on the outcome of the evaluation carried out by the N&R Committee on the performance of the Audit Committee and each of its members for the financial year under review, the Board is satisfied that the Audit Committee had carried out its duties and responsibilities effectively as per its Terms of Reference and the Audit Committee as a whole and each member of the Audit Committee possess the necessary knowledge, experience, expertise and skills which have added value and contributed to the overall effectiveness of the Audit Committee.</p> <p>All Audit Committee 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>To keep themselves abreast of relevant industry developments in accounting and auditing standards, business practices and rules, the Audit Committee members have attended various trainings during the financial year which have been disclosed in the Corporate Governance Overview Statement on page 41 of the Annual Report 2020. In addition, the Audit Committee is also regularly briefed by the external auditor on key changes in relation to accounting and financial reporting standards.</p> |

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| Explanation for departure | : | |
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| <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 has established an effective risk management and internal control framework.</p> <p>A Risk Management Committee comprising members of senior management monitors the risks faced by the Group and the Risk Management Committee reports to the Audit Committee. The Audit Committee shall assist the Board in evaluating the adequacy of the Group's risk management framework.</p> <p>Significant business transactions are clearly defined in the Risk Management Policy to represent the base risk tolerance.</p> <p>A two pronged risk management approach is adopted where:</p> <p>(a) key risks are identified and evaluated together with mitigating controls as part of the decision making process for each significant business transaction by line managers; and</p> <p>(b) day-to-day operational risk management by line managers entail:</p> <ul style="list-style-type: none"> • identification of risks; • implementation of mitigating controls; and • self-assessment to determine changes in risks and internal controls effectiveness. <p>A Risk Management Policy is in place that applies to the entire Group except for investee companies that the Group does not have control over such as Associated Companies and Jointly Controlled Entities.</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>Risk papers are prepared by line managers and reviewed by Management to document the identification and assessment of risks made in regards to significant business transactions and deliberated by the Risk Management Committee and reviewed by the Audit Committee.</p> <p>Besides identifying and evaluating risks, line managers also design, operate and monitor suitable internal controls to mitigate and control the risks requiring risk management actions. These are documented in the risk profile (risk register) and reviewed by Management.</p> <p>Risk profile and corresponding controls are self-assessed by line managers and reviewed by Management to determine that the risk profile continues to be relevant and that the controls are practiced and effective in mitigating and controlling the risks.</p> <p>Results of self-assessment are deliberated by the Risk Management Committee and reviewed by the Audit Committee.</p> <p>During the financial year, some of the key risks reviewed by the Group are:</p> <ul style="list-style-type: none">(a) Regulatory changes in countries where the Group operates;(b) Weakening demand for properties in Malaysia;(c) Foreign currency risks;(d) Feasibility of new potential investments;(e) Compliance risks arising from change in laws and regulations including the amendment to the MACC Act 2009; and(f) Health and safety risk arising from viral pandemic. <p>The mitigating controls employed by the Group include:</p> <ul style="list-style-type: none">(a) Geographical diversification, monitoring development of regulatory changes, constant review of development plans as well as timing of launches;(b) Engaging alternate marketing channels as well as review and update retention strategies;(c) Obtaining financing in the foreign currency of cash receipts to act as natural hedge, active managing of foreign currencies held;(d) Conducting pre-acquisition due diligence; |

| | | |
|---|--|--|
| | <p>(e) Keep abreast with changes in laws and regulations, monitor deadlines, use of checklist, organise and attend trainings, review and update existing policies and procedures, perform self-assessment for compliance to MACC Act 2009, assessment reviewed by the Board; and</p> <p>(f) Implement temperature check for staff and visitors, provision of hand sanitisers at points of entry, provision of face masks to employees, arrangements for staff to work from home, introduction of employee health and travel declaration, leveraging on technology to hold meetings online.</p> <p>The Risk Management Committee has adopted Committee of Sponsoring Organisation (“COSO”) Enterprise Risk Management Framework – Integrating with Strategy and Performance as a guideline in managing risk throughout the Group.</p> <p>The results of the self-assessment are reviewed by the Internal Auditors. It then leads to a programme of work for Internal Audit to be completed in conjunction with the audit planning process. As they review each area of the company's operations, Internal Audit will assess the level of control demonstrated prior to forming an opinion as to how effectively each of the key corporate business risk is managed. This is then reported to the Audit Committee.</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

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 Company has an established Internal Audit Division (“IAD”) which reports directly to the Audit Committee to ensure independence. The IAD is independent of the operations of the Group and provides reasonable assurance that the Group’s system of internal control and risk management is satisfactory and operating effectively.</p> <p>The IAD conducts independent internal audit reviews based on an agreed plan and all internal control deficiencies identified are reported to the appropriate levels of Management for timely corrective actions. The internal audit reports are presented to the Audit Committee for review and deliberation on a quarterly basis. The Audit Committee is briefed on the audit findings, management responses to the findings and the recommended corrective measures as well as the status of previous audit findings.</p> <p>Annually, the Audit Committee conducts a review of the IAD in terms of its authority, resources and scope as defined in the Internal Audit Charter adopted by the Group.</p> <p>To ensure that the responsibilities of IAD are fully discharged, the Audit Committee:</p> <ul style="list-style-type: none">(a) reviews and approves the Internal Audit Charter;(b) reviews the resources of the IAD and approves the appointment of the Corporate Auditors;(c) reviews and approves the Annual Audit Plan that defines the scope of work and budget of the IAD; and(d) conducts performance appraisal on the IAD in line with Paragraph 15.12 of the Listing Requirements on functions of Audit Committee. <p>Through these activities, the Audit Committee is satisfied that the IAD is effective in terms of adequacy of scope, functions, competency, resources and authority to carry out its works, and able to function independently. The Audit Committee is also on the view that the purpose, authority and responsibility as defined in the Internal Audit Charter remained to be adequate for the IAD to accomplish its objectives.</p> <p>Throughout the financial year, the Internal Audit personnel also kept themselves abreast of developments in the profession and industry through attendance at trainings aimed at equipping them with relevant skills appropriate to their respective levels.</p> |

| | | |
|--|--|--|
| | The activities of the IAD during the financial year are set out in the Audit Committee Report on pages 55 to 56 of the Annual Report 2020. | |
| 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 Audit Committee is satisfied that the IAD had maintained their independence and objectivity. Internal Audit personnel are free from any relationships or conflicts of interest. The IAD is appropriately positioned to be free from Management intervention and reports directly to the Audit Committee.</p> <p>The IAD is headed by Mr. Alex Yong Min Onn since October 2011. He is a Certified Internal Auditor, a Fellow of the Association of Certified Chartered Accountants (FCCA), a member of the Malaysian Institute of Accountants (MIA) and the Institute of Internal Auditors (IIA) Malaysia.</p> <p>Head of Internal Audit is supported by a pool of six (6) to eight (8) audit executives. The IAD is guided by the International Professional Practices Framework (IPPF), including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing and the Definition of Internal Auditing.</p> <p>Full conformance to the IPPF is pending external assessments that must be conducted, at least once every five years, by a qualified, independent assessor or assessment team from outside the organisation.</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 11.1

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

| | |
|---|---|
| Application | : Applied |
| Explanation on application of the practice | <p>The Board acknowledges the importance of timely dissemination of material information to the shareholders, investors and public at large. As such, the Board is committed to providing all stakeholders with accurate, useful and timely information about the Company, its businesses and its activities in conformity with the disclosure requirements.</p> <p><u>Corporate Disclosure Policies</u></p> <p>While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.</p> <p>Apart from adhering to and complying with the disclosure requirements of the Listing Requirements, the Board also observes the Corporate Disclosure Guide issued by Bursa Securities which can be viewed from the website of Bursa Securities at www.bursamalaysia.com.</p> <p>The Board is entrusted to review and approve the relevant financial results and other important announcements to ensure full compliance with regulatory authorities' disclosure requirements. The financial statements and material and price-sensitive information are disseminated and publicly released on a timely basis to ensure effective dissemination of information relating to the Group.</p> <p><u>Effective Dissemination of Information</u></p> <p>The Company maintains a corporate website at www.amcorpproperties.com which serves as a key communication channel for the Company to reach its shareholders and general public. The Company's website provides detailed information on the Group's businesses, commitments and latest developments. Corporate and financial information of the Group, press releases, as well as the Company's Annual Reports, circulars to shareholders and announcements released to Bursa Securities are also made available to the public through the Company's website. Public could request for information or raise queries through the Company's website via online</p> |

| | | |
|---|--|--|
| | <p>enquiry form, by email or phone. The contact details for investor relation matters are provided on the Company's website.</p> <p><u>Effective Communication and Proactive Engagement</u></p> <p>The Board also encourages and values dialogues with its investors and other stakeholders as it believes that an effective investor relationship enhances value for its stakeholders. The Company conducts briefing and press interviews to provide the investors and members of the media with opportunities to receive information relating to the Group. Personnel of the Company always look forward to holding discussions with analysts and shareholders from time to time.</p> <p>General Meetings are the primary platforms for two-way interaction between the shareholders and Board/Management of the Company. Shareholders always be encouraged to participate actively in the meetings.</p> | |
| <p>Explanation for departure</p> | <p>:</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>:</p> | |
| <p>Timeframe</p> | <p>:</p> | |

Intended Outcome

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

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

Practice 11.2

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

| | | | |
|--|---|--|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | The Company is not a Large Company as defined by MCCG. | |
| | | | |
| <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.

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|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Company issued the notice of its AGM to shareholders at least 28 days before the AGM, well in advance of the 21-day requirement under the Companies Act 2016 and the Listing Requirements of Bursa Securities. The additional time given to shareholders allows them to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys.</p> <p>The AGM notice includes details of the resolutions proposed along with relevant explanatory note to enable shareholders to make informed decisions in exercising their voting rights.</p> <p>The notice is also published via nationally circulated newspaper as required under Listing Requirements and is made available on the Company's website.</p> <p>In 2019, the Company held its AGM on 30 August 2019 with the notice of AGM and Annual Report 2019 issued on 29 July 2019 (this being more than 28 days before the 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 | : | | |

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.

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|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>To ensure effective participation of and engagement with shareholders at the 53rd AGM and Extraordinary General Meeting (“EGM”) held on 30 August 2019, all members of the Board were present at the meetings to respond to the questions raised by the shareholders and proxies. Apart from Directors, Senior Management and External Auditors also attended the said meetings.</p> <p>At the 53rd AGM and EGM, the Board together with the Group CEO, Group Chief Financial Officer (“CFO”) and Senior Management addressed various questions from the shareholders and proxies. The Company also shared its responses to the questions raised by Minority Shareholders Watch Group prior to the AGM which was briefed by the Group CFO. The chairpersons of the respective Board Committees were present and where required, addressed questions during the meetings.</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 Company has been leveraging on technology to facilitate electronic poll voting since its AGM held in 2016.</p> <p>In view of the COVID-19 pandemic and having regard for the well-being and safety of our shareholders, the Company will be conducting its AGM in September 2020 fully virtual and through live-streaming from the broadcast venue. This allows shareholders to participate, pose questions (via real time submission of typed texts) and vote remotely via the Remote Participation and Voting facilities provided by the Poll Administrator, SS E Solutions Sdn. Bhd. through Securities Services e-Portal at https://sshsb.net.my/. The virtual AGM is in compliance with the Company's Constitution, Companies Act 2016 and other legal requirements.</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.