

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0120  
**COMPANY NAME** : VISDYNAMICS HOLDINGS BERHAD  
**FINANCIAL YEAR** : October 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group is headed by a Board who leads and exercise effective controls over the Group's activities whereby collective decisions and/or close monitoring are conducted on issues relating to strategy, performance, resources, standard of conduct and financial matters. The matters reserved for the collective decision of the Board are listed in the Board Charter of the Company which is available on the Company's website.</p> <p>The Board has delegated the day-to-day management of the Group to the Chief Executive Officer and specific responsibilities to the Board Committees.</p> <p>The Board's principal responsibilities include reviewing and adopting a strategic plan, overseeing the conduct of business, risk management, succession planning, developing and implementing the procedures to enable effective communication with stakeholders, etc.</p> <p>The Board is kept abreast of the overall business activities of the Company and the strategic plans of the Group through the updates from Management at the quarterly meeting.</p> <p>The roles and responsibilities of the Board are set out in the Board Charter while the Board Committees' roles and responsibilities in discharging its functions are set out in the respective Board Committees' Terms of Reference.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is led by the Senior Independent Non-Executive Chairman, Vincent Loh. The Chairman is committed to good corporate governance practices and has been leading the Board towards culture of high performance.</p> <p>As provided under the Company's Board Charter, the Chairman is responsible for, among others:</p> <ul style="list-style-type: none"> <li>• Inculcating positive culture in the Board and leading the Board in setting the good values and high standards in managing the Company;</li> <li>• Encouraging all Directors to play an active role in Board activities; and;</li> <li>• Ensuring that the Board receives accurate, timely and clear information to take part in active debates on strategic issue;</li> <li>• facilitating the effective contribution of Non-Executive Directors;</li> <li>• ensuring effective communication with the shareholders and relevant stakeholders.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of Chairman and Chief Executive Officer (“CEO”) are held by different individuals to ensure balance of power, accountability and division of roles and responsibilities of the Board and Management of the Company’s business and operation. The roles of the Chairman are distinguished from that of the CEO’s roles with clear division of responsibilities as outlined in the Company’s Board Charter.</p> <p>The Chairman is primarily responsible for matters pertaining to the Board and the overall conduct of the Group and is committed to good corporate governance practices and has been leading the Board towards high performing culture while the CEO is responsible for the implementation of board policies and decisions approved by the Board and he is obliged to report to the Board at Board Meetings all material matters currently or potentially affecting the Group and its performance, including all strategic projects and regulatory development which may have an impact on the daily operation. All decisions of the Board are made unanimously or be consensus. The Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group is supported by the Company Secretaries who are qualified to act pursuant to Section 235(2) of the Companies Act 2016.</p> <p>The roles and responsibilities of the Company Secretaries include, but are not limited to the following:</p> <ul style="list-style-type: none"> <li>• manage all Board and Board Committees meeting, attend and record minutes of all Board and Board Committees meetings and facilitate Board communications;</li> <li>• guide the Board on its roles and responsibilities;</li> <li>• guide the Board on corporate disclosures and compliance with Listing Requirements, Company's Constitution, Companies Act 2016 and other relevant rules and regulations;</li> <li>• monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and</li> <li>• Undertake the statutory duties as prescribed under the Companies Act 2016.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	-
<b>Explanation for departure</b>	:	<p>The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis for an effective discharge of the Board's responsibilities and has full and unrestricted access to all information pertaining to the Group's business and affairs including major financial, operational and corporate matters.</p> <p>The notice and agenda for each meeting is transmitted to each Board member at least seven (7) days in advance of the meeting. Procedures have been established for timely dissemination of meeting papers at least three (3) business days prior to the Board and Board Committee meetings, to facilitate decision making by Directors and to deal with matters arising from such meetings. The meeting papers are disseminated electronically to enable Directors and committee members to access meeting documents and company information in a timely and more efficient manner, thus improving Board performance and overall effectiveness of decision-making. The Directors may request for further information or clarification from Management to ensure effectiveness of the proceedings at the meeting, if necessary.</p> <p>Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda.</p> <p>Deliberations and decisions made at Board and Board Committees meetings are documented in the minutes, including matters where Directors abstained from voting or deliberation. The minutes are circulated to the Directors and Board Committees members for perusal. The minutes are confirmed as correct record by the Board and Board Committees at the following meeting.</p> <p>The Meetings are always scheduled in mid-week and the meeting material will be provided to the Directors on the last business day of the week before the scheduled meeting. The Board opined that this arrangement was sufficient for the Board to prepare for meeting and understand the agenda and business to be discussed at the Meeting during non-business days. In addition, all the Directors have access to the senior management to seek clarification on the matters to be deliberated prior to the meeting.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

## Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by its Board Charter which clearly sets out the Board's roles and responsibilities in discharging its fiduciary and leadership functions. The Board Charter, which is periodically reviewed by the Board to be in line with regulatory changes, was last reviewed and approved by the Board on 25 June 2018. The updated version of the Board Charter is available on the Company's website.</p> <p>To enhance accountability, the Board has established clear functions reserved for the Board, individual Directors and Senior Management. In addition, the Board has delegated some of its authorities to various committees established in assisting the Board to discharge its duties and responsibilities. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands.</p> <p>The Board Charter provides guidance for Directors and Senior Management regarding the responsibilities of the Board, Board Chairman, Executive Directors, Independent Non-Executive Directors, Senior Independent Director as well as the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities.</p> <p>The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have impact on the corporate governance practices of the Company and the responsibilities of the Board in discharging its governance function.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group is committed to achieving and monitoring high standards pertaining to behaviour at work.</p> <p>The Board adheres strictly to the Directors' Code of Conducts and Ethics in discharging its oversight role effectively. The Code of Conducts and Ethics require all Directors to observe high ethical business standards, and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders.</p> <p>The Code of Conducts and Ethics has been incorporated into the Board Charter of the Company and is available on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a Whistleblowing Policy for the Group as a measure to promote the highest standard of corporate governance and transparency. The Whistleblowing Policy outlines the avenues for Directors, employees and stakeholders to raise concerns or disclose in good faith any improper conduct within the Group and to enable prompt corrective actions and measures to resolve them effectively.</p> <p>Any party who has reasonable belief that there is serious malpractice relating to the matter disclosed, may direct such complaint and report to the Senior Independent Non-Executive Director and/or the Chairman of the Audit Committee, in writing. Management will ensure that the whistleblower, who raises a genuine complaint in good faith shall not be penalised for such disclosure and the identity of such complainant shall be kept confidential.</p> <p>The Whistleblowing Policy is incorporated in the Board Charter.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board consist of six (6) members, where three (3) of the Directors are Independent Directors.</p> <p>These Independent Directors provide a diversity of perspective and view that allows for more robust, thoughtful discussions and a detailed vetting of proposals. The diversity in views enables decisions to be made based on a more thorough analysis of matters arising, and therefore, decisions are made more objectively.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
<b>Explanation on application of the practice</b>	:	<p>Vincent Loh and Wang Choon Seang, the Independent Directors of the Company have each served as Independent Director for a period exceeding nine (9) years but not more than twelve (12) years.</p> <p>The Board assesses the independence of its Independent Directors through a self-assessment of independence of Independent Directors on an annual basis under the annual Board evaluation process. The assessment of independence is based on the criteria prescribed under the ACE Market Listing Requirements.</p> <p>During the financial year 2020, none of the Independent Directors disclosed any relationships and/or transactions that could materially interfere with their independent judgement and decisions. The Board is satisfied with the level of independence of the abovesaid Independent Directors and agreed with the above proposed reappointment of Vincent Loh and Wang Choon Sean as Independent Directors of the Company, subject to approval of shareholders at the forthcoming Sixteenth Annual General Meeting.</p> <p>The justification for retaining Vincent Loh and Wang Choon Seang are set out on page 106 of the Annual Report 2020.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group practices non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, in the selection of Board members and Senior Management. The Board has adopted a Diversity Policy which is incorporated into the Company's Board Charter and published on the Company's website.</p> <p>The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company. Notwithstanding the challenges in achieving the appropriate level of diversity on the Board, the Board is continuing to work towards addressing this as and when vacancies arise and suitable candidates are identified. The Company's prime responsibility in new appointments is always to select the best candidates available.</p> <p>As and when vacancies arise at the Board and Senior Management, the Board will take into consideration of different aspects such as professional experiences, business experiences, skills, knowledge, gender, age, ethnicity and educational background in identifies the suitable candidate for such vacancy.</p> <p>On Senior Management level, the Board will endeavour to achieve the diversity at this level as and when the need arise, the Board will consider on the appointment of more female candidates to Senior Management.</p> <p>Currently, there is one female director on the Board and one female on the Senior Management of the Group.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.5**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Presently, there is one (1) female director on the Board out of a total of six (6) Directors. The Board shall at any point of time to have at least one female representation on the Board.</p> <p>The Board has adopted a Diversity Policy and will through the Nomination Committee consider gender diversity as part of its future selection of candidates for Board and Senior Management positions and will look into increasing female representation on Board and Senior Management.</p> <p>The Diversity Policy, which is incorporated into the Board Charter is made available on the Company’s website.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board will utilise the independent sources if there is a need to source for candidate with the relevant skills, expertise, integrity, character, commitment, etc.  There was no new appointment during the financial year 2020.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee (“NC”) consists exclusively of Independent Non-Executive Directors, and is chaired by Vincent Loh, the Senior Independent Non-Executive Director of the Company.</p> <p>The NC Chairman is responsible to lead the succession planning and appointment of the Board members including the Chairman and the Chief Executive Officer and lead the annual review of board effectiveness and to ensure that the performance of each individual director is independently assessed.</p> <p>The Terms of Reference of the NC is available on the Company’s website.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

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

## Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee (“NC”) carries out the annual evaluation for assessing the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director. The evaluation was conducted using the Evaluation Forms which set out the assessment criteria as approved by the Board which covered areas such as the Board Structure, Board operations, roles and responsibilities of the Board, the Board Committees and the Chairman’s roles and responsibilities. For Individual Assessment, the assessment criteria include contribution in respect of interaction, quality of inputs, and understanding of role.</p> <p>For the financial year ended 31 October 2020, the NC has assessed the effectiveness of the Board as a whole, the Board Committees, contribution of each individual Director and independence of Independent Directors.</p> <p>From the results of the assessment, the NC concluded that each Director has the requisite competence to serve on the Board and has sufficiently demonstrated his commitment to the Group in terms of time and participation during the year under review, and recommended to the Board the re-election of retiring Directors at the Company’s forthcoming Annual General Meeting.</p> <p>In addition, the NC had reviewed the terms of office of the Audit Committee (“AC”) and each member of the AC as well as financial literacy of the AC members and was of the opinion that the AC had discharged their duties and obligation effectively.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has in place a Remuneration Policy for Directors and Senior Management to enable the Group to attract, retain and motivate Directors with relevant experience and expertise needed after considering the recommendations of the Remuneration Committee ("RC") to assist in managing the Group effectively.</p> <p>The Remuneration Policy is set out in the Board Charter of the Company which is available on the Company's website.</p> <p>The remuneration of Non-Executive Directors is reviewed by the RC and determined by the Board as a whole. The remuneration package for Executive Directors have been structured to link rewards to corporate and individual performance while Non-Executive Directors' remuneration reflects the experience and level of responsibilities undertaken by individual Non-Executive Directors. Directors' fees and benefits payable to the Directors of the Company is subject to the shareholders' approval at the Company's Annual General Meeting.</p> <p>In determining the remuneration of the Senior Management, the RC considers the roles, skills, competency and the performance of the individual.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

## Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Remuneration Committee ("RC") which comprised exclusively of Independent Non-Executive Directors. The RC is responsible for recommending to the Board, the remuneration of the Directors and Senior Management according to the Remuneration Policy of the Group.</p> <p>The RC is governed by written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the Company's website.</p> <p>The RC meets at least once a year to review and recommend the Board's remuneration package and/or reward payments that reflect their respective contributions for the year, achievement of each division's goals and/or quantified organisational targets as well as strategic initiatives set at the beginning of each year.</p> <p>During the financial year 2020, the RC had met once to review and assess the remuneration package of the Board members and Senior Management taking into consideration the skills, expertise, composition, size and experience of the Board, including the core-competencies of both Executive and Non-Executive Directors and the contribution of each individual Director.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 7.1

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

<b>Application</b> :	Applied						
<b>Explanation on application of the practice</b> :	The aggregate remuneration paid or payable to all Directors of the Company during the financial year 2020 is listed on named basis with the detailed remuneration breakdown as follows:						
	<b>Category</b>	<b>Director Fees (RM '000)</b>	<b>Meeting Allowance (RM '000)</b>	<b>Salaries, Bonus and Incentive (RM '000)</b>	<b>Employee Provident Fund (RM '000)</b>	<b>Benefits-in-kind (RM '000)</b>	<b>Total (RM '000)</b>
	<b>Company:-</b>						
	<u>Executive Directors*</u>						
	Choy Ngee Hoe	-	-	887	166	35	1,088
	Lee Chong Leng	-	-	552	91	29	672
	Ong Hui Peng	-	-	-	-	-	-
	<u>Non-Executive Directors</u>						
	Vincent Loh	78^	4	-	-	-	82
	Pang Nam Ming	66^	2	-	-	-	68
	Wang Choon Seang	66^	2	-	-	-	68
	<b>Group:-</b>						
	<u>Executive Directors*</u>						
	Choy Ngee Hoe	-	-	887	166	35	1,088
	Lee Chong Leng	-	-	552	91	29	6762
	Ong Hui Peng	-	-	302	40	1	343
	<u>Non-Executive Directors</u>						
	Vincent Loh	78^	4	-	-	-	82
	Pang Nam Ming	66^	2	-	-	-	68
	Wang Choon Seang	66^	2	-	-	-	68
	* The remuneration paid to the Executive Directors were in respect of their employment with the Company/ Group.						
	^ The Directors' fee of RM210,000 for the financial year ended 31 October 2019 was approved at the 15 <sup>th</sup> Annual General Meeting ("AGM") and paid in the financial year 2020. At the forthcoming 16 <sup>th</sup> AGM, the Board recommended the Directors' fee of RM210,000 for the financial year ended 31 October 2020 to the shareholders for approval						
<b>Explanation for departure</b> :							
	Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.						
<b>Measure</b> :							
<b>Timeframe</b> :							

### Intended Outcome

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

### Practice 7.2

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

<b>Application</b>	:	Departure														
<b>Explanation on application of the practice</b>	:	-														
<b>Explanation for departure</b>	:	<p>The Board has considered this practice and is of the opinion that the disclosure of the Senior Management's remuneration on a named basis would not be in the best interest of the Group due to competitive conditions for talent in the industry.</p> <p>The Board considers the information of the remuneration of the Senior Management personnel to be sensitive and proprietary in view of the competitive nature of the human resource market and the Company's effort in retaining executive talents.</p> <p>The Senior Management's remuneration have been disclosed in bands of RM50,000 but not on named basis under the Corporate Governance Overview Statement in the Company's Annual Report 2020 as follows:-</p> <table border="1"> <thead> <tr> <th>Range of Remuneration</th> <th>Number of Senior Management</th> </tr> </thead> <tbody> <tr> <td>Below RM50,000</td> <td>-</td> </tr> <tr> <td>RM50,001 – RM100,000</td> <td>-</td> </tr> <tr> <td>RM100,001 – RM150,000</td> <td>-</td> </tr> <tr> <td>RM150,001 – RM200,000</td> <td>-</td> </tr> <tr> <td>RM200,001 – RM250,000</td> <td>-</td> </tr> <tr> <td>RM250,001 – RM300,000</td> <td>2</td> </tr> </tbody> </table>	Range of Remuneration	Number of Senior Management	Below RM50,000	-	RM50,001 – RM100,000	-	RM100,001 – RM150,000	-	RM150,001 – RM200,000	-	RM200,001 – RM250,000	-	RM250,001 – RM300,000	2
Range of Remuneration	Number of Senior Management															
Below RM50,000	-															
RM50,001 – RM100,000	-															
RM100,001 – RM150,000	-															
RM150,001 – RM200,000	-															
RM200,001 – RM250,000	-															
RM250,001 – RM300,000	2															
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																
<b>Measure</b>	:															
<b>Timeframe</b>	:															

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee ("AC") consists of three (3) members, all of whom are Independent Non-Executive Directors.</p> <p>The AC is chaired by Pang Nam Ming who is not the Chairman of the Board. This is to ensure that the objectivity of the Board's view of the AC's finding and recommendations are not impaired. Profile of Mr Pang is set out on page 18 of the Annual Report 2020.</p> <p>The responsibility of the AC is outlined in the Terms of Reference of the AC, including but not limited to review the Group's risk management and internal control, financial reporting, to review the appointment and performance of External Auditors and Internal Audit Function. The Terms of Reference of the AC is available on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Terms of Reference of the Audit Committee (“AC”) requires a former key audit partner to observe a cooling off period of at least two (2) years before being appointed as a member of the AC.</p> <p>Currently, no former key audit partner of the external auditors of the Company is appointed as the Director and a member of the AC.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>An annual assessment of the competency and independence of the External Auditors was conducted by the Audit Committee ("AC") via a set of assessment questionnaire. In assessing the External Auditors' performance and suitability, the AC considered, inter-alia, the independence, objectivity, professionalism, quality of services, sufficiency of resources and communication and interaction with the External Auditors.</p> <p>The AC received assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out in the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accounts.</p> <p>Based on the outcome of the annual assessment conducted in December 2020 on the External Auditors' performance, technical competence and professional independence, the AC recommended to the Board for the re-appointment of Messrs. Al Jafree Salihin Kuzaimi PLT as the External Auditors of the Company for the financial year ending 31 October 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	All the members of the Audit Committee are Independent Non-Executive Directors.

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.5**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All members of the Audit Committee (“AC”) are financially literate and assist the Board to oversee and scrutinise the process and quality of the financial reporting and ensure accuracy, adequacy and completeness of the report, as well as in compliance with the relevant accounting standards.</p> <p>All members of the AC undertake continuous professional development and have annual discussion with the External Auditors on financial reporting development to keep themselves abreast of the relevant developments in accounting and auditing standards, practices and rules.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board oversees, reviews and monitors the operation, adequacy and effectiveness of the Group's system of internal control. The Board is responsible to define the level of risk appetite, approval and oversee the operation of the Group's Risk Management Framework, assess the effectiveness and reviewing any major/ significant risk facing the Group.</p> <p>The Audit Committee ("AC") oversees the risk management of the Group and advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation. The AC also reviews the action plan implemented and makes relevant recommendations to the Board to manage residual risks. The Group had put in place a Risk Management Policy to oversee the risk management of the Company. The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the Internal Audit Function with specific audit objectives and business risks identified for each internal audit cycle based on the internal control plan approved by the AC.</p> <p>The Board has been integrating the risk issues into their decision-making process whilst maintaining the flexibility to lead the business of the Group through the ever-changing internal and external environments. The Board continues to maintain and review its internal control procedures to ensure the protection of its assets and its shareholders' investment.</p> <p>Further details can be found in the Statement on Risk Management and Internal Control on pages 36 to 39 of the Annual Report 2020.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

### Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises that identification, evaluation and management of significant risks faced by the Group is an ongoing process. Continuous reviews are carried out by the Internal Audit Function and Management to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place.</p> <p>The findings of the Internal Audit Function are reported to the AC at the scheduled meeting. The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the Group’s risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review.</p> <p>Based on this assurance, the input from relevant assurance providers, as well as its review, the Board is of the view that the Group’s risk management and internal control system is satisfactory to meet the Group’s needs and has not resulted in any material losses, contingencies or uncertainties that require disclosure in the Group’s Annual Report.</p> <p>The Statement on Risk Management and Internal Control in the Annual Report 2020 provides an overview on the state of internal controls and risk management within the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 9.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

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

### Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit (“IA”) function of the Company is outsourced to an independent professional service firm, GovernAce Advisory and Solutions Sdn. Bhd., which provides support to the Audit Committee (“AC”) in monitoring and managing risks, controls and governance processes of the Group.</p> <p>The main role of the IA function is to review the effectiveness and adequacy of the existing internal control policies and procedures and to provide recommendations, if any, for the improvement of the control policies and procedures. The Internal Auditors has direct access and report all the matters of internal control to the AC.</p> <p>Based on the results of the evaluation conducted by the AC during the financial year, the AC noted that the IA function is effective and able to function independently.</p> <p>During the financial year under review, the Internal Auditors have conducted review on the Group in accordance to the Internal Audit Plan, which have been approved by the AC.</p> <p>Details of the IA function are set out in the AC Report in the Annual Report 2020.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has outsourced the Internal Audit (“IA”) function to GovernAce Advisory and Solutions Sdn. Bhd. to assist the Board and the Audit Committee in discharging their responsibilities by providing independent assessment on the adequacy, efficiency and effectiveness of the Group’s internal control system.</p> <p>The engagement Director, Mr Ryan Chong, has diverse professional experience in the IA, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia. Mr Ryan Chong is also a Certified Internal Auditors, Certified Practising Accountant and Chartered Account.</p> <p>The number of staff deployed for the IA reviews ranges from three to four staff per visit including the engagement Director. The staff involved in the internal audit reviews possesses professional qualification and/or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia. The IA staff on the engagement and the engagement Director are free from any relationships or conflicts of interest, which could impair their objectivity and independence, and the internal audit reviews were conducted using a risk based approach and was guided by the International Professional Practice Framework.</p> <p>The information on the IA function is available in the Statement on Risk Management and Internal Control in the Annual Report 2020.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of being transparent and accountable to the Company's stakeholders and acknowledges the continuous communication between the Company and stakeholders would facilitate mutual understanding of each other's objectives and expectations. Hence, the Board consistently ensures the supply of clear, comprehensive and timely information to their stakeholders via various disclosures and announcements, including quarterly and annual financial results, which provide investors with up-to-date financial information of the Group. All these announcements and other information about the Company are available on the Company's website which shareholders, investors and public may access.</p> <p>The Company has put in place a Corporate Disclosure Policy with the objective to ensure communications to the public are timely, factual, accurate, complete, broadly disseminated and where necessary, filed with regulators in accordance with applicable laws.</p> <p>In addition, the Directors engage with shareholders at least once a year during the annual general meeting to understand their needs and seek their feedback.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 11.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company does not fall under the category of “Large Companies” as defined in the Malaysian Code on Corporate Governance 2017.	
		Not applicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In 2020, the Notice of Fifteenth Annual General Meeting (“AGM”) was sent to the shareholders at least 28 days before the AGM, in advance of the 21-days requirement under the Company’s Constitution, the Companies Act 2016 and the Listing Requirements, which providing additional time to the shareholders to allow them to make the necessary arrangements to attend and participate in person or by corporate representatives or proxies, and consider the resolutions that will be discussed and decided at the AGM.</p> <p>The Company also provides details of the AGM to the shareholders regarding the eligibility of the shareholders, their rights to appoint proxies and other relevant information pertaining to the AGM. In addition, there are explanatory notes providing detailed explanations for the resolutions to be tabled at the AGM to enable the shareholders to make informed decisions in exercising their voting rights.</p> <p>The Notice of the forthcoming Sixteenth AGM was given to the shareholders at least 28 days before the meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All Directors attended the Company's Fifteenth Annual General Meeting held on 13 March 2020.</p> <p>The Board Chairman, the Board Committees' Chairman, Chief Executive Officer and Chief Financial Officer and the External Auditors were in attendance to answer questions raised by shareholders.</p> <p>The presence of all Directors presented opportunities for the shareholders to engage with each Director and also allowed the shareholders to direct their questions and concerns to the respective Directors and Board Committee Chairman.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	-
<b>Explanation for departure</b>	:	<p>The Company does not have meetings in remote locations nor does it have a large number of shareholders for it to leverage on technology to facilitate shareholders voting in absentia or having remote shareholders' participation in general meetings. It is also not cost effective nor practical for the Company to do so.</p> <p>Shareholders are entitled to appoint proxy/proxies to attend, participate, speak and vote on their behalf in their absence.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	<p>In line with the standard operating procedures by Majlis Keselamatan Negara (MKN) and Guidance and FAQs on the Conduct of General Meeting for Listed Issuer (Revised on 12 January 2021) during the Movement Control Order implemented by the government, the Company has taken an alternative arrangement to conduct the forthcoming Sixteenth AGM of the Company on fully a virtual basis.</p> <p>The shareholders will be able to submit proxy forms electronically and register for remote participation attend and participate at the AGM remotely via live streaming; and to vote online remotely on resolutions tabled at the Sixteenth AGM.</p>
<b>Timeframe</b>	:	

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

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

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