

CORPORATE GOVERNANCE REPORT

STOCK CODE : 2925
COMPANY NAME : Cycle & Carriage Bintang Berhad
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has overall responsibility for the strategic direction of the Group. The Company's business strategies were discussed at Jardine Cycle & Carriage Group level (being the Group's majority shareholder).</p> <p>The Chief Executive Officer ("CEO") and Regional Director – Human Resources will evaluate, identify and review risk and development opportunities with the key management staff during the annual assessment process.</p> <p>The authorities of the Board in relation to the conduct of the Board, Remuneration, Operation and Finance including other matters are specified in Appendix A of the Board Charter.</p>	
Explanation for departure	:	N/A	
	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	Mr Haslam Grey Preston is the current Chairman of the Board, having been appointed to the said position on 19 April 2016. He was first appointed as a Non-Independent Non-Executive Director on 21 February 2014. The Chairman is responsible for ensuring effective conduct of the Board as detailed in Appendix B of the Board Charter.	
Explanation for departure	:	N/A	
	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The positions of Chairman and CEO of the Company are held by different individuals (i.e. Mr Haslam Grey Preston as the Chairman and Mr Wilfrid Foo Tsu-Jin (Fu SiRen) as the CEO). The division of responsibilities between the Chairman and the CEO are clearly stated in Appendix B and C of the Board Charter.	
Explanation for departure	:	N/A	
	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 1.4

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

Application	:	Applied	
Explanation on application of the practice	:	Mr Yeap Kok Leong, Miss Lim Hooi Mooi and Ms Ong Wai Leng are qualified Company Secretaries and members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). The Company Secretaries constantly keep abreast of changes in the realm of corporate governance through continuous professional development.	
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	The meeting pack including meeting agenda, minutes of previous meetings, operation matters, finance reports and other briefing materials are forwarded to the Board for their review five days prior to date of Board or Committee meetings. The draft minutes are circulated to the Board or Committee for review and comments in a timely manner, post conclusion of the meeting. The minutes would be confirmed and signed by the Chairman at the forthcoming meeting which normally takes place within a month or two (2) months from the preceding meeting.	
Explanation for departure	:	N/A	
	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	Pursuant to item 11 of Part I – Board Responsibilities, the Board Charter is required to be reviewed by the Board at least once in every three (3) years. The latest review was conducted in February 2018. The Board Charter is also made available on the Company's website for the viewing of the stakeholders.	
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Company adopts the global Code of Conduct (latest version was of July 2014) issued and administered by Jardine Matheson Holdings Limited which serves to provide the general law, with all rules and regulations applicable to businesses and with proper standards of business conduct for the Company and its employees. The Code of Conduct is available on the Company's website. Apart from observing strictly the Listing Requirements issued by Bursa Malaysia Securities Berhad ("Bursa"), Companies Act 2016, MCGG 2017, Company's Constitution and other relevant regulations/ procedures, the Company also has a Securities Dealing Rules policy (latest version was of February 2017).	
Explanation for departure	:	N/A	
	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company's policies and procedures on whistleblowing are contained in the Group Policy on Disclosure of Matters of Serious Concern (Whistle-Blowing Policy). The said Whistle-Blowing Policy is available on the Company's website.	
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 4.1

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

Application	:	Departure	
Explanation on application of the practice	:	N/A	
Explanation for departure	:	During 2017, the Board comprises two independent non-executive directors and three non-independent non-executive directors. Accordingly, Paragraph 15.02 of the Main Market Listing Requirements ("Main LR") of Bursa which requires at least two (2) directors or 1/3 of the Board, whichever is higher, to be independent is met.	
		However, the Board composition is not in line with MCCG 2017's recommendation to have at least half of the Board to comprise Independent Directors.	
		The Company has on 9 March 2018 appointed an Independent Director (Datuk Syed Zaid bin Syed Jaffar Albar) to the Board, increasing the size of the board to 6 Directors, of which 3 of them are Independent Directors, thus meeting the recommendation of MCCG 2017.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years	
Explanation on application of the practice	:	Tan Sri Dato' Sulaiman Bin Sujak, an Independent Director who has served the Board for more than 14 years, sought shareholder's approval in the 2017 AGM to continue as an independent director. For the upcoming AGM, Tan Sri Dato' Sulaiman Bin Sujak will not be seeking for re-election and will retire upon the conclusion of the upcoming AGM.	
Explanation for departure	:	N/A	
	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	N/A

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nominating Committee (“NC”) is tasked with the delegated authority of the Board to evaluate candidates and recommend new appointments to the Board.</p> <p>The NC will assess the effectiveness of the Board and the senior management which include the CEO, and the independence of the independent directors. A yearly Board and CEO/Managing Director assessment would be carried out.</p> <p>From a diversity perspective, the Board is made up of members with a mix of skill sets and experience (Change Management, Communication, International Markets, Finance, Human Resource Management, Information Technology, Mergers & Acquisitions, Resource Management, Strategic Planning, Taxation and Treasury Management), knowledge and experience (Automotive, Healthcare, Banking/Capital markets, Property Development and Management, Investment, Insurance, Transportation, Telecommunications, Valuation and Manufacturing), cultural (Malay, Chinese, Australian, Singaporean) and has an age range between 41 and 83.</p>	
Explanation for departure	:	N/A	
	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 4.5

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

Application	:	Departure	
Explanation on application of the practice	:	N/A	
Explanation for departure	:	The Board is committed to ensure that the appointments made to the Board are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Board is committed to diversity and has an equal opportunity policy where there are no barriers by reason of an individual's gender, ethnicity, age and nationality.	
		As at 31 December 2017, 40% of the Board consists of female directors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 4.6

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

Application	:	Departure	
Explanation on application of the practice	:	The appointment of any new member to the Board is a formal and transparent process by which a candidate could be identified via a recommendation by a Board member or management, or sourced through the Jardine Matheson Group's extensive network of contacts.	
Explanation for departure	:	The Nominating Committee ("NC") will also use other independent sources such as industry associations and use of open advertisements.	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The NC is chaired by Tan Sri Dato' Sulaiman Bin Sujak, the Senior Independent Non-Executive Director.	
Explanation for departure	:	N/A	
	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

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	:	Facilitated by the NC, the Company conducts an annual evaluation to determine the effectiveness of the Board, its Committees and each individual director. The process is carried out via customised questionnaires sent to directors pertaining to the following evaluation: i. Board evaluation; ii. Directors evaluation; iii. Audit Committee evaluation; iv. Nominating Committee evaluation; v. Remuneration Committee evaluation; and vi. Chairman evaluation. Assessment criteria cover areas such as purpose, composition and process, contributions in topics such as strategic perspective, governance integrity, judgement and decision making, teamwork and communication. The results of assessment by directors and Board's effectiveness as a whole was collated by the Company Secretary and tabled to the NC for review and deliberation/notation.	
Explanation for departure	:	N/A	
	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

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 remuneration policy for the directors and CEO are in place. The Remuneration Committee ("RC") will recommend to the Board the framework for remuneration of the non-executive directors, executive directors and the CEO.</p> <p>The above remuneration package to be offered to the non-executive directors, executive directors and CEO will be deliberated and decided by the Board to ensure fair remuneration to attract, retain and motivate directors and senior management.</p>
Explanation for departure	:	N/A
		N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	N/A
Timeframe	:	N/A
		N/A

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	:	The Board has established a RC. The RC consists of three members, two of whom are independent directors and one of whom, a non-independent director. The Company is therefore in compliance with the Board Charter and the MCCG 2017. The RC will assist the Board to review the remuneration packages for its executive directors, senior management and employees and thereafter, make recommendation to the Board. The RC will also review the CEO's/Managing Director's ("MD") performance to discuss and indicate if the goals and objectives are being met. The results of the review of the CEO/MD which includes the recommended reward will be presented to the Board.	
Explanation for departure	:	N/A	
	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

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 directors' fees for the non-executive directors were disclosed on named basis including of the source of payment to the relevant directors (if the fees were not paid by the Company) i.e. directors' fees paid to Jardine Cycle & Carriage Limited or Jardine Matheson (Malaysia) Sdn Bhd.	
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

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	:	N/A	
Explanation for departure	:	The Board is in a view that such disclosure will give rise to recruitment and talent retention issues. The aggregate quantum of the top five senior management's remuneration is disclosed in the Annual Report.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

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	:	N/A

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The positions of the Chairman of the Board and the Audit Committee ("AC") Chairman of the Company are being held by two different persons i.e. Mr Haslam Grey Preston, the Chairman of the Board and Ms Tang Saw Hua, the AC Chairperson.</p> <p>Ms Tang Saw Hua is also an independent director of the Company, therefore, Paragraph 15.10 of the Main LR is complied with.</p>	
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

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	:	No former key audit partners of the present and former external auditors have been appointed to the Board or employed by the Company.	
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied	
Explanation on application of the practice	:	The AC as noted in the Annual Report assesses the suitability and independence of the External Auditors by obtaining affirmation from the External Auditors that it maintained its independence in accordance with the By-Laws (On Professional Ethics, Conduct and Independence) of the Malaysian Institute of Accountants.	
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

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	:	N/A

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	:	All AC members are financially literate. Collectively, the Audit Committee possess a wide range of necessary skills including change management, communication, finance, human resources management, information technology, mergers & acquisitions, resources management, strategic planning, taxation and treasury management to discharge their duties.	
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has in place a formal risk management process to identify, evaluate and manage significant risks impacting the Company.</p> <p>The Management was authorised by the Board to review and determine the level of risk tolerance. The Management is also required to identify and evaluate the adequacy and implementation of processes to manage, mitigate, avoid or eliminate the risks.</p> <p>The Internal Auditors will update the AC members on quarterly basis in relation to the internal audit activities conducted during the said reporting period.</p> <p>The internal control system of the Company consist of the following:</p> <ol style="list-style-type: none">i. Organisation structure with well-defined lines of responsibility and delegated authority;ii. Independence of the AC;iii. Comprehensive budgeting and monitoring processes; andiv. Performance measurement i.e. performance appraisal for the CEO
Explanation for departure	:	N/A
		N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	N/A
Timeframe	:	N/A
		N/A

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	:	The Board disclosed the features of its risk management and internal control framework as noted in Practice 9.1.	
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

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	:	N/A

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	:	The Company engages with Jardine Matheson Group Internal Auditors ("IA") to carry out the internal audit function. The IA has performed the following activities: <ul style="list-style-type: none">▪ Identifying risk areas;▪ Implementing control measures;▪ Monitoring controls;▪ assessing the overall control environment of the Company to ensure its effectiveness;▪ Updating the AC on the internal audit plan on quarterly basis. Internal audit scope covered during the financial year ended was in relation to significant units and operations of the Company and subsidiaries, various computer application systems and network of the Group.	
Explanation for departure	:	N/A	
	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

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	:	It was noted that the IA: <ul style="list-style-type: none">▪ is independent of the audit activities and objectively provide reasonable assurance to the AC; and▪ has adequate resources to carry out their audit activities.	
Explanation for departure	:	N/A	
	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Company's ongoing engagement and regular communication with stakeholders were established through its investor relations function, quarterly announcements, general meetings and electronic communications i.e. websites.	
Explanation for departure	:	N/A	
	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

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	:	The Company is not required to comply with this requirement.	
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 12.1

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

Application	:	Departure	
Explanation on application of the practice	:	The notice of 49th AGM of the Company is circulated 23 days prior to AGM.	
Explanation for departure	:	The Company will circulate the notice of 50th AGM 28 days prior to the AGM.	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All directors and the Chairman of every Board Committee were present at the 49th AGM of the Company held on 21 April 2017 to address questions from shareholders.</p> <p>In addition, the External Auditors, Messrs PricewaterhouseCoopers also attended the AGM and was available to answer questions relevant audit process.</p>	
Explanation for departure	:	N/A	
	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

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>In accordance with Paragraph 8.29A of Main LR, all resolutions set out in the notice of the 49th AGM were put to vote by poll. The results of voting were validated and results were presented to the shareholders at the said AGM. The same practice will be remain in the 50th AGM.</p> <p>The 50th AGM will be held at Concorde Hotel, Kuala Lumpur which was an easily accessible location to facilitate greater shareholders' participation.</p>	
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

**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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