

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0104
COMPANY NAME : GENETEC TECHNOLOGY BERHAD
FINANCIAL YEAR : March 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the key role it plays in charting the strategic direction of the Group, comprising the Company and its subsidiaries. To achieve this, the Board and through the Board Committees have carried out the following activities during the financial year under review and up to the date of this Corporate Governance Report:</p> <ol style="list-style-type: none">1. Deliberated the strategic business planning at its scheduled Board meetings twice a year in meeting the objectives and goals of the Group. A comprehensive Group budget was developed towards meeting such objectives and goals of the Group for the Board approval.2. Reviewed the quarterly and year-end results of the Group prior to the announcement of the same to Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board was kept abreast of the Group's business performance through a comprehensive set of financial and business update reports, financial analysis and ratios together with any material development and issues relating to the business to the Group.3. Considered the internal audit reports, which were reviewed by the Audit Committee based on the presentation by the independent outsourced internal audit function, and endorsed corrective actions based on the recommendations proposed by the internal audit function. The Board also has received formal assurance from the Chief Operating Officer and Financial Controller that the Group's system of risk management and internal control is sound and adequate in all aspects. These processes served to apprise the Board on the adequacy and operating effectiveness of the Group's system of risk management and internal controls.

	<p>4. The Company has in place Remuneration Policy for Directors and Senior Management which is formulated with the aim to support the Company's key strategies and create a strong performance-orientated environment, and be able to attract, motivate and retain Directors and senior management. Performance-based incentives were provided to Executive Directors and senior management to ensure the business was conducted effectively towards meeting the corporate objectives of the Group.</p> <p>5. The Board through Audit Committee and Risk Management Committee was apprised of the key business risk covered governance, compliance, strategic, operational and financial across the Group which were identified, evaluated and scored for the likelihood of occurrence and the impact thereof. Significant risks were singled out with remedial measures implemented to manage such risks to acceptable levels. For more information, refer to the Statement on Risk Management and Internal Control as set out in the 2021 Annual Report providing an overview of the state of the risk management and internal controls within the Group.</p> <p>6. Considered succession of Board members as well as senior management personnel, the review of which was performed by the Nomination Committee as part of its remit; and</p> <p>7. In recognising the importance of stakeholder communication, the Company had adopted an open and transparent policy in respect of its relationship with the Company's stakeholders via several methods of communication such as constructive engagements with shareholders, general meetings and corporate website. Generally, at general meeting of the Company, the shareholders are given an opportunity to air their views and questions regarding the Company and the Group. The Board also established and adopted a Corporate Disclosure Policy and Shareholders Communication Policy to govern the process of making timely and accurate business, operations and financial information available to the public and shareholders. A corporate website www.genetec.net has been established to provide a platform for investors and shareholders to stay abreast of the Group's development, including financial and other announcements made to Bursa Securities.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>

Timeframe	:		
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Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Mr Hew Voon Foo, the Chairman of the Board, holds a Non-Executive position is responsible for instilling good corporate governance practices, leadership and composition of the Board.</p> <p>The roles of the Chairman are clearly delineated in the Board Charter, amongst others, including the following:</p> <ul style="list-style-type: none">(a) leading the Board in setting the values and ethical standards of the Company;(b) ensuring that quality information to facilitate decision-making is delivered to Board members on a timely basis;(c) ensuring appropriate steps are taken for the provision of communication with shareholders and relevant stakeholders and their views are communicated to the Board as a whole;(d) facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors;(e) facilitating the regular evaluation of the performance of the Board members, its committees and individual Directors;(f) ensuring the financial management practices are performed at a high level of integrity and business dealings are carried out in an ethical manner in compliance with the laws and regulations;(g) leading the Board in establishing and monitoring good corporate governance practices in the Group. <p>The Chairman also cultivates a healthy working relationship with the Managing Director and provides the necessary support and advice as appropriate. He continues to demonstrate the highest standards of corporate governance practices and ensures that these practices are regularly communicated to all the stakeholders.</p> <p>The Chairman together with the Board performs an annual review on the Company's compliance with the corporate governance practices in accordance with the Malaysian Code on Corporate Governance and deliberate on the best approach to adopt the principles in the case of non-compliance the reason for such or the proposed alternative to achieve the said outcome.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Board, Mr Hew Voon Foo and the Managing Director, Mr Chin Kem Weng, both holding separate position and their respective roles and responsibilities are governed in the Company's Board Charter. There is a clear differentiation of duties/responsibilities between the Chairman and the Managing Director to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is assisted by an in-house professional qualified company secretary who is a registered member of the Companies Commission of Malaysia ("CCM") and Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") in the discharge of her functions with her attendance on all Board, Board Committees (namely Audit Committee, Nomination Committee and Remuneration Committee) and general meetings. The company secretary ensures that all deliberations at all meetings are well captured and minuted.</p> <p>The company secretary advises the Board and Board committees on its roles and responsibilities, corporate disclosures and compliance regulations and requirements under the ACE Market Listing Requirements and Companies Act 2016; and monitored corporate governance developments and assisted the Board in applying governance practice to meet the Board's needs while balancing stakeholders' expectation.</p> <p>All directors have direct access to the advice and services of the company secretary in discharging their duties effectively.</p> <p>The Board was kept well informed of all announcements released by the Company via emails soon after the announcements were released to Bursa Securities.</p> <p>The company secretary is also acting as the official liaison party for the Company to prepare and submit statutory documents to the CCM. This is to ensure that any change in the Company's statutory information will be notified to the CCM in the relevant prescribed forms in a timely manner.</p> <p>The company secretary constantly keeps herself abreast of the regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes. She also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia, Bursa Securities and MAICSA.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>To facilitate the Director's time planning, annual Board and Board Committee meetings calendar with a detailed timetable of all the events, actions and matters to be taken throughout the whole year are circulated in advance of each new calendar year by the company secretary.</p> <p>The company secretary also sends out notices of closed period for dealings in securities to the Directors and Principal Officers prior to the closed period for dealings based on the targeted dates of announcements of the Group's quarterly results.</p> <p>Prior to sending out the notices, the company secretary works closely with the chairpersons of the Board and Board Committees and management in drawing up the agenda of the meetings. The notice of meetings is sent to Directors and invitees via email at least 7 days prior to the meeting. The management is notified of the relevant agenda and the deadline for submission of meeting materials.</p> <p>All Directors are provided with the relevant documents and information typically no later than five (5) days before the meeting to enable them to obtain a comprehensive understanding of the agenda to be deliberated upon and to obtain further explanation or clarification to facilitate the decision-making process and enable them to arrive at an informed decision.</p> <p>Draft minutes which are confirmed by management before the Board is circulated for Board and Board Committees to review within a reasonable timeframe after the meeting before being circulated, confirmed and approved at the following meeting. The deliberations and conclusions of issues discussed in the Board and Board Committees meetings are duly recorded in the minutes and signed by the Chairman at the subsequent Board Meeting.</p> <p>The company secretary is responsible for ensuring the meeting procedures are followed, minutes of meetings are well documented, including matters where Directors abstained from voting or deliberation, circulated and confirmed as a correct record by the Board and Board Committees at the following meeting. The signed and</p>

	confirmed correct Board and Board Committee minutes are entered into minutes books keep in accordance with statutory requirements.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had formalised a Board Charter setting out the objectives, duties, responsibilities and functions of the Board and Board Committees, the Chairman and the Managing Director in accordance with the principles of good governance sets out in the policy documents and guidelines issued by the regulatory authorities.</p> <p>The Board Charter serves as a reference providing Board members and management insight into the function of the Board specific reserve matters covering areas such as strategy and business planning, finance and controls, people, compliance, support and assurance are entrenched in the Board Charter.</p> <p>The Board Charter is made available on the corporate website. The Board Charter would be reviewed and updated periodically, when necessary, to ensure it remains relevant and effective at the prevailing time and business environment. The last review of the Board Charter was performed and approved by the Board on 28 February 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has adopted two distinct sets of the Code of Ethics and Code of Conduct for all Directors and employees of the Group.</p> <p>Code of Ethics</p> <p>The Board observes a high standard of ethical conduct based on the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. The Code of Ethics provides guidance for proper standards of conduct with sound and prudent practices as well as standards of ethical and behaviour for Directors and employees, in line with the Company's core values. Directors and employees are expected to conduct themselves with the highest ethical standards and corporate governance.</p> <p>The Directors are required to notify the Company of any potential conflict of interest that may affect them in their role as Director of the Company under the Code of Ethics. All potential conflicts of interest are reviewed by the Board periodically.</p> <p>Code of Conduct</p> <p>The Company's Code of Conduct governs the professional conduct of its employees and outlines its responsibilities to the Group in performing their duties. The various policies and guidelines within the Code of Conduct spell out the standards and ethics that all Directors and employees are expected to adhere to in the course of their work. The Code of Conduct is designed to maintain discipline and order in the workplace among employees at all levels.</p> <p>Both Code of Ethics and Code of Conduct is available on the corporate website and is to be observed by all Directors and employees of the Group.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had established and incorporated a Whistleblowing Policy in its Employees Handbook and Board Charter. The policy outlined the grievance procedure for Directors and employees as well as handling of reported violations and whistleblower protection.</p> <p>This policy is to facilitate Directors and employees to disclose any misconduct or criminal offence through the internal channel. Such misconduct or criminal offences include the following:</p> <ul style="list-style-type: none"> i. Fraud; ii. Corruption, bribery or blackmail; iii. Abuse of Power; iv. Conflict of Interest; v. Theft or embezzlement; vi. Misuse of Company's Property; vii. Non-Compliance with Procedure. <p>The Audit Committee is responsible for overseeing the implementation of the Whistleblowing Policy for the Company, and all whistle-blowing reports are addressed to the Audit Committee Chairman.</p> <p>The last review of the Whistleblowing Policy was performed by the Board on 26 February 2020 and is available on the corporate website.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board comprises six (6) members, of whom three (3) are Executive Directors and three (3) are Independent Non-Executive Directors, hence complying with this practice.</p> <p>Each of the Independent Directors has declared his personal independence to the Board based on the criteria as set out in the AMLR of Bursa Securities.</p> <p>The Board recognises the importance of independence and objectivity in the decision making process. The Board with assistance from the Nomination Committee will undertake to carry out annual assessment of the effectiveness of the Independent Non-Executive Directors and consider whether the Independent Non-Executive Directors can continue to bring independent and objective judgement to the Board deliberations.</p> <p>Any Director who considers that he has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decisions in any matter concerning the Company is required to immediately disclose to the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	<p>There are two (2) Independent Non-Executive Directors in the Board namely Mr Hew Voon Foo and Mr Teh Kim Seng who have served the Company as Independent Directors for a cumulative term of more than twelve (12) years and nine (9) years respectively.</p> <p>Based on the assessment carried out by the Nomination Committee, it was found that both named Directors remained objective and independent in expressing their views and participating in deliberations and decision making of the Board and Board Committees. As such, the Company will be seeking its shareholders' approval at the forthcoming Annual General Meeting for Mr Hew and Mr Teh to continue to act as Independent Non-Executive Directors of the Company.</p> <p>The Board should seek shareholders' approval for retention of Mr Hew Voon Foo who has served the Board for more than twelve (12) years through a two-tier voting process at the forthcoming AGM of the Company.</p> <p>The Board took note of the recommendation of the MCGG but compliance with the said recommendation posed a disadvantage to the Company in terms of losing an experienced independent director who over the years had contributed to the effectiveness of the Board as a whole.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board does not practice any form of gender, ethnicity and age group as all candidates for either Board or senior management shall be given fair and equal treatment. Any new appointments of Board or senior management shall be based on merits, objective criteria and with regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The Board has in place a set of director selection criteria for use in the selection and recruitment process as documented in the Procedures for Selection and Appointment of New Directors. This set of criteria will be used as a reference for the selection and recruitment of senior management of the Company also.</p> <p>The Profile of Board of Directors and the Key Senior Management are set out in the Annual Report 2021.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board currently has one woman director among its six members. The Board opined that given the current state of the Group’s business and lifecycle, it is more important to have the right mix of skills on the Board rather than to attain the 30% threshold. Nevertheless, the Board is on the lookout for potential women directors and shall appoint additional women directors as and when suitable candidates are identified. No timeframe has been set for the search concerned.</p> <p>The Diversity Policy is set out in the Board Charter where the Board is committed to providing fair and equal opportunities and nurturing diversity at all levels within the Group, full details of which are available on the corporate website.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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	:		
Explanation for departure	:	<p>The current process with regards to the appointment of new directors to the Board is based on the recommendation of the Nomination Committee (“NC”). The Board relies on the existing network and referrals from existing Directors, senior management and major shareholders as primary means to source for new directors as they represent a tried and tested method of sourcing high-calibre directors with a sound understanding of the business.</p> <p>The directors appointment process is carried out based on methodical and robust process undertaken by the NC. Candidates recommended are thoroughly assessed based on their competence, integrity, character, time commitment and experience as stated in Rule 2.20A of AMLR of Bursa Securities.</p> <p>Going forward, the Board will, nevertheless, consider sourcing candidates from external and independent sources if applicable as promulgated by the Malaysian Code on Corporate Governance when the need arises.</p> <p>The Board based on the NC’s recommendation approved the appointment of Ms Ong Phoe Be as an Independent Non-Executive Director of the Company who was recommended by the current Board member during the financial year under review.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will consider sourcing candidates from external and independent sources if applicable when the need arises.	
Timeframe	:	Others	Please specify number of years.

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 Nomination Committee is chaired by Mr Hew Voon Foo who is an Independent Non-Executive Director of the Company. In reviewing on the independence and continuity of the Independent Directors who had served the Board of the Company for a tenure of more than 12 years, the Chairman of the Nomination Committee, being the director subjected to review, abstained from the conduct of review to ensure that the Nomination Committee's independence is preserved in relation to such assessment, and fair review was performed.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee has a formal assessment mechanism in place to assess on an annual basis, the effectiveness of the Board Committees, the Board as a whole and the contribution of each individual Director, including the independence of the Independent Non-Executive Directors.</p> <p>The Board's performance evaluation was conducted via Board and Board Committee Evaluation Form with recommended evaluation criteria per Corporate Governance Guide issued by Bursa Securities, which includes board mix and composition, quality of information and decision making and board activities.</p> <p>The results of the assessments are compiled by the company secretary who is also the secretary of the Nomination Committee. The results of the assessments will be tabled in the form of a summary by the Nomination Committee Chairman to the Board for the Board's review and deliberation. The Board members will take note of areas that require more attention and improvement. The results of the assessments also form the basis of the Nomination Committee's recommendation to the Board for the re-election/re-appointment of Directors at the Annual General Meeting.</p> <p>The Nomination Committee has also conducted the annual review of the terms of office and performance of the Audit Committee and each of the members to ensure that they have carried out their duties and function in accordance with the Terms of Reference.</p> <p>The results indicated the Board as a whole was effective as well as the contribution of each individual Director. The Independent Non-Executive Directors of the Company had been fulfilled in accordance with Bursa Securities ACE Market Listing Requirements and would not impede their independence in carrying out their duties in the respective Board and Board Committees.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee ("RC") has in place Remuneration Framework and Remuneration Policy for Directors and Senior Management. The said Remuneration Policy was reviewed on 28 February 2018 and administered by the Remuneration Committee. This policy is designed with the aim to support the Company's key strategies and create a strong performance-orientated environment, and be able to attract, motivate and retain directors and senior management.</p> <p>The Board, as a whole, determines the remuneration of the Directors and each individual Director is required to abstain from discussing his/her own remuneration. The RC is guided by market norms and industry practices when making recommendations for the compensation and benefits of Directors and senior management.</p> <p>The RC's recommended remuneration for Executive Directors and senior management is subject to Board's approval as it is the ultimate responsibility of the Board to approve the remuneration of the Executive Directors and senior management.</p> <p>In relation to the fees and allowances for Non-Executive Directors, it will be presented at the Annual General Meeting for shareholders' approval.</p> <p>The Remuneration Policy for Directors and Senior Management will be periodically reviewed by the Board to ensure it remains effective, consistent with the Board's objectives and responsibilities and in line with the relevant laws and legislation. This Remuneration Policy for Directors and Senior Management is made available on the corporate website.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee of the Company comprises three (3) members, all of whom are Independent Non-Executive Directors.</p> <p>The Remuneration Committee was formed to assist the Board in determining, developing and recommending an appropriate remuneration policy and remuneration package for Directors and senior management so as to attract, retain and motivate the Directors and senior management.</p> <p>The Remuneration Committee operates under clearly defined Terms of Reference which states the duties and authorities of the Committee. Terms of Reference of Remuneration Committee with the last review performed on 28 February 2018 are published on the corporate website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	Please refer to the Corporate Governance Overview Statement of the 2021 Annual Report for the remuneration received by Directors of the Company, on a named basis, from the Company and Group for the financial year ended 31 March 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Remuneration Committee and the Board are of the view that it is not to the Company's advantage or best interest to disclose the senior management personnel names and the various remuneration components in detail considering the highly competitive market for senior management personnel with the requisite knowledge, technical expertise and working experience in the industry the Company operates. Accordingly, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues.	
		As an alternative, the Remuneration Committee and the Board believe that the disclosure of other key management personnel's remuneration that includes the top 5 senior management in the audited financial statements are adequate as it complies with the requirements of Paragraph 17 of MFRS 124 "Related Party Disclosures".	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Chairman of the Audit Committee is Mr Teh Kim Seng, an Independent Non-Executive Director.</p> <p>Chairman of the Board is Mr Hew Voon Foo, an Independent Non-Executive Director.</p> <p>The positions of the Chairperson of the Board and the Audit Committee are being held by two different persons. This ensures that the Board's review of the Audit Committee's findings and recommendations are not impaired.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The policy on observation of a cooling-off period of at least 2 years for a former key audit partner prior to the appointment as an Audit Committee member is incorporated in the Auditors Policy which has been approved and adopted by the Board on 28 February 2018.</p> <p>Presently, none of the members of the Audit Committee is a former key audit partner.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has on 28 February 2018 established the Auditors Policy to outline the guidelines and procedures together with annual assessment forms for the Audit Committee to assess and monitor the performance of the auditors (for both External and Internal Auditors). The policies and procedures to assess the suitability, objectivity and independence of the External Auditors are stipulated in Auditors Policy.</p> <p>The Audit Committee is empowered by the Board to review all issues in relation to the reappointment of External Auditors annually. During the financial year under review, the Audit Committee conducted performance evaluation and independence assessment on External Auditors based on recommended evaluation criteria per Corporate Governance Guide issued by Bursa Securities via an evaluation survey questionnaire based on the following key areas with the answers being collated, summarised and deliberated during the Audit Committee meeting:-</p> <ul style="list-style-type: none">• Calibre of External Auditors;• Quality processes/ performance;• Audit team• Independence and objectivity;• Audit scope and planning;• Audit fee; and• Audit communications. <p>The Audit Committee has obtained written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.</p> <p>The Audit Committee will also observe the professionalism, openness in communication and interaction with the External Auditors through private discussions if they demonstrate their independence. The Audit Committee met with the External Auditors twice during the financial year under review in the absence of Executive Directors and management team.</p>

	<p>Having regarded the meetings (including the private sessions held) with the External Auditors and the assessment of the suitability of the External Auditors performed, the Audit Committee and the Board is of the opinion that the External Auditors was suitable and able to deliver the assurance engagement professionally and diligently with sufficient level of independence under the relevant laws and regulations and recommended their reappointment to the Board, upon which the shareholders' approval was sought at the Annual General Meeting.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee comprises three (3) members, all of whom 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.

Application	:	Applied
Explanation on application of the practice	:	<p>All the Audit Committee members possess a mix of skills, experience and qualifications ranging from corporate finance, accounting and legal.</p> <p>The Nomination Committee reviews the term of office and performance of the Audit Committee and each of its members annually and concurrently with the annual Board assessments. An assessment of the effectiveness of the Audit Committee was performed through Audit Committee Evaluation Questionnaire based on the criteria adopted from the Corporate Governance Guide issued by Bursa Securities focuses on quality and composition, skills and competencies, meeting administration and conduct as well as the activities carried out by the Audit Committee.</p> <p>The Board is satisfied with the Audit Committee's performance as the Chairman and its members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the Audit Committee. All Audit Committee members are financially literate, have sufficient understanding of the Group's business and commercial expertise skills required to discharge their roles and responsibilities effectively.</p> <p>All Audit Committee members had kept themselves abreast of relevant development in accounting and auditing standards, practices and rules. During the Audit Committee Meetings, the members were briefed by the External Auditors on the development or changes applicable to Malaysian Financial Reporting Standards, International Financing Reporting Standards and relevant accounting requirements under the Companies Act 2016.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility for maintaining a sound system of internal control and risk management. The Company had formed a Risk Management Committee headed by the Chief Operating Officer and Heads of Departments.</p> <p>The Board has adopted a comprehensive risk management framework that stipulates the risk management policy, definitions of risks and controls, Group risk management reporting structure and terms of reference for Risk Management Committee. The Group refers to the ISO 31000 Risk Management Standard as a guideline for identifying, evaluating, managing and monitoring significant risks by the Group in order to align its risk management processes with the ever-changing business environment. The Group adopts control objectives and procedures from the ISO 9001 for its day-to-day operational processes and implements Group's standard operating policies to mitigate business risks and negative outcomes.</p> <p>The ongoing process for identification, evaluation and management of significant risks has been integrated and embedded into the Group operations and is continuously reviewing its adequacy and effectiveness to safeguard shareholders' investment and Group assets.</p> <p>The key features of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in the Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a risk management framework that adopts a structured and integrated approach in managing key business risks. This framework together with the system of internal control is designed to manage the Group's risks within its risk appetite rather than to eliminate the risk of failure to achieve the Group's business and corporate objectives.</p> <p>On an annual basis, the Board would have received formal assurance from the Chief Operating Officer and Financial Controller stating that the Group's risk management and internal control system operated adequately and effectively, in all material aspects, for the financial year under review.</p> <p>The key features of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in the Annual Report.</p> <p>The Board is of the view that there were no significant breakdowns or weaknesses in the system of internal controls of the Group that resulted in material losses incurred by the Group for the financial year under review and the internal control system in place is effective up to the date of approval of the Statement. The Group will continue to take the necessary measures to ensure that the system of internal controls is in place and functioning effectively in all material aspects.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function of the Group is outsourced to an independent professional firm to carry out the systematic reviews of the governance, risk and internal control systems within the Group in accordance with an internal audit plan approved by the Audit Committee.</p> <p>The internal auditors' responsibilities are to provide independent and objective reports on the state of internal control systems of the Group to the Audit Committee. The internal audit reports include, inter alia, the identification of key risk areas and a consideration of the controls managing such risks.</p> <p>The Board has established the Internal Auditors Assessment Policy ("IA Assessment Policy") together with an annual assessment form. IA Assessment Policy is to outline the guidelines and procedures for the Audit Committee to review, assess and monitor the performance, suitability and independence of the Internal Auditors.</p> <p>The Audit Committee had carried out an annual assessment of the quality of the internal auditor based on an assessment questionnaire, and no material issue and major deficiency had been noted which pose a high risk to the overall system of internal control under review.</p> <p>The details of the internal audit function and activities are set out in the Audit Committee Report in Annual Report 2021.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose—

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's internal audit functions are outsourced to CGRM Infocomm Sdn Bhd ("CGRM"), an independent professional firm, who reports directly to the Committee and assists the Board of Directors by providing independent assurance on the monitoring and managing of risks and internal controls.</p> <p>The director-in-charge is a Certified Internal Auditor and chartered member of the Institute of Internal Auditors with many years of internal audit experience.</p> <p>The internal audit fieldwork and reporting were carried out with reference to the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors.</p> <p>The audit approach adopted by the Group is risk-based targeted at assessing and reviewing the implementation and monitoring of controls to address the critical risk areas of the Group which are consistent with the Group's framework in designing, implementing and monitoring internal control systems.</p> <p>On an annual basis, CGRM would provide the Audit Committee with a signed declaration of their proficiency, competency, resources and independence, and a list of training attended by their audit engagement team.</p> <p>The Audit Committee is of the opinion that the Internal Auditors are free from any relationships or conflict of interest, which could impair their objectivity and independence of the internal audit function.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of timely and equal dissemination of material information to the shareholders, stakeholders and public at large. Accordingly, the Board has adopted a Corporate Disclosure Policy which applies to all Directors, Officers and employees aiming at effectively handling and disseminating the corporate information timely and accurately to its shareholders, stakeholders and the public in general as required by Bursa Securities.</p> <p>The Company has also adopted the Shareholders' Communication Policy to promote effective communication with shareholders. The shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company to enable them to exercise their rights as shareholders in an informed manner and to allow shareholders and other stakeholders to actively engage with the Company.</p> <p>The Company's corporate website contained a dedicated "Investor Relations" link through which a repository of the Company's policies, reports, news centre links to Bursa Malaysia filings, market performance and notice of shareholders' meeting may be accessed from time to time. Stakeholders can at any time seek clarification or raise queries through the corporate website by email. The contact information for the designated personnel is also made available on the Company's website for the stakeholders to channel their concerns.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable.	
		The Company is not a Large Company as defined by the MCGG.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company despatches the Notice of the Annual General Meeting (“AGM”) to shareholders at least 28 days before the AGM, well in advance of the 21-day requirement under the Companies Act 2016 and ACE Market Listing Requirements of Bursa Securities. At the last AGM, the notice was dated 27 July 2020 whilst the AGM was held on 27 August 2020.</p> <p>The additional times given to shareholders allow them to make arrangements to attend and participate in person or through their proxy/ies or corporate representative/s or attorney/s, where necessary. This enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 the Directors were present in person, physically and virtually at the AGM and the Extraordinary General Meeting (“EGM”) both held on 27 August 2020.</p> <p>The Board ensures that all Directors of the Company including the Chairman of the respective Board Committees attend the general meetings to address the issues raised by the shareholders unless unforeseen circumstances preclude them from attending the general meetings.</p> <p>Management and External Auditors were also in attendance to provide a response to shareholders’ questions on pertinent and relevant matters.</p>
Explanation for departure	:	Please provide an explanation for the departure.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 12.3

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company had its last AGM and EGM physically at the building next to the Company's place of business. The venue was already familiar to the shareholders of the Company since the general meetings have been held at the same venue over many years.</p> <p>The Proxy Form enclosed in the Annual Report is to allow remote shareholders or shareholders in absentia to appoint Proxy/ies or Chairman of Meeting to vote on their behalf at the general meetings. Moreover, the Company has a relatively small base of shareholders. As such, the Company has yet to facilitate voting in absentia and remote participation by shareholders at general meetings.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Company will consider the feasibility of leveraging technology to facilitate voting in absentia and remote shareholders' participation at general meetings in the future, considering amongst others the cost-benefit of such facilities, security concerns, etc if there is a strong case for change and is in compliance with legal requirements.
Timeframe	:	Others

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

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

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