

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6211
COMPANY NAME : Kia Lim Berhad
FINANCIAL YEAR : 31 December 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 takes full responsibility for the overall performance of the Kia Lim Group and its obligations to the Company's shareholders and stakeholders. The principal roles and responsibilities of the Board members are as follows:</p> <ul style="list-style-type: none"> (a) Reviewing and adopting a sustainable business strategy/direction of the Kia Lim Group; (b) Approving the implementation of appropriate measures to manage Kia Lim Group's key risks, internal controls and reporting systems; (c) Approving and monitoring the compliance with the Directors' Code of Conduct and Ethics ("CCE"); (d) Approving annual budgets, including major capital commitments; (e) Approving financial statements and accounting policies of the Kia Lim Group; (f) Approving financial report to be released and related announcements; (g) Approving the dividend declaration and payment of dividend; (h) Approving corporate plans and programmes; (i) Approving acquisition, disposal or closure of any business; (j) Approving new/expansion of business ventures; (k) Approving credit facilities, borrowings or grants; (l) Approving management's authority limits; (m) Developing and implementing an investor relations programme or shareholder communication channels such as telephone, mail, email, facsimile, corporate website, in person or via attendance at the General meetings; (n) Dealing with sensitive or unusual matters of a material nature; (o) Monitoring major litigation; and (p) Any other issues which may be decided by the Board from time to time. <p>Having recognised the importance of an effective and dynamic Board, the Board has established and adopted a Board Charter to ensure that all Board members are aware of the Board's fiduciary and leadership functions. The Board also facilitates its principal responsibilities which include reviewing and adopting a strategic plan, overseeing the conduct of business, risk management, succession planning, developing and implementing investor relations and reviewing internal controls. The Board has delegated specific responsibilities to the following committees ("Committees"):</p> <ul style="list-style-type: none"> ❖ Audit Committee ❖ Risk Management Committee (established on 27 February 2018) ❖ Nomination Committee ❖ Remuneration Committee <p>The powers delegated to the Committees are set out in the Terms of</p>

	Reference of each of the Committee as approved by the Board and are available on the Company's website. Note: The Board Charter is published on the KLB website at www.kialim.com.my .
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The present Chairman of the Kia Lim Group is Mr Loh Chee Kan. The Chairman is responsible for conducting meetings of the Board and shareholders and ensuring all Directors are properly briefed during Board discussion and shareholders are informed of the subject matters requiring their approval.</p> <p>As provided under the Company's Board Charter, the key roles of the Chairman in the Board are as follows:</p> <ul style="list-style-type: none">(a) Representing the Board to Shareholders;(b) Ensuring the integrity and effectiveness of the governance process of the Board;(c) Maintaining regular dialogue with the Executive Directors/Chief Executive Officer over all operational matters and to consult the remainder of the Board over any matter that gives him cause for major concern; and(d) To act as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion, that appropriate discussions takes place and that relevant opinion among members and management is forthcoming.
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	:	<p>The positions of Chairman and CEO are held by two different individuals.</p> <p>There is a clear and distinct division of responsibility between the Chairman, Mr Loh Chee Kan and the Chief Executive Officer, Datuk Ng Yeng Keng to ensure a proper balance of power and authority.</p> <p>The Chief Executive Officer is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions. The Chief Executive Officer is responsible for the executive management of the Kia Lim Group and is accountable to the Board for its day-to-day operations. The key roles include:</p> <ul style="list-style-type: none"> (a) Developing the strategic direction of the Kia Lim Group; (b) Exploring business opportunities which are of potential benefit to the Company; (c) Ensuring that the Board and Board Committees are provided with sufficient information on a timely basis regarding the Company's operations, performance, financial conditions, operating results and prospects, to enable the Board and Board Committees to fulfil their governance obligations; (d) Ensure that the Kia Lim Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board; (e) Serve as chief spokesperson of the Company and Kia Lim Group; and (f) Taking remedial action, where necessary.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is supported by a suitably qualified and competent company secretary. The present Company Secretary, Ms Leong Siew Foong is a qualified Chartered Secretary under Section 235(2)(a) of the Companies Act, 2016 and is a Fellow member of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA"). Ms Leong is an external company secretary from Symphony Corporatehouse Sdn Bhd with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.</p> <p>The Company Secretary supports the Board to ensure its effective functioning, and in managing the corporate governance framework of the Group. She is also responsible to advise the Directors on their fiduciary and statutory duties, ensure compliances with company law, the MMLR, the Company's Memorandum and Articles of Association, the MCCG, Board adopted policies, and other pertinent regulations governing the Company, and guide the Board towards the necessary compliances, as and when is necessary.</p> <p>The Company Secretary had and will continue to constantly keep herself abreast on matters concerning company law, the capital markets, corporate governance, and other pertinent matters through continuous training and industry updates. She has also attended the following relevant continuous professional development programmes as required by MAICSA for practicing as a chartered secretary.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretary who plays a vital role to the Board in discharging its function and duties.</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>Prior to each Board meeting, all Directors will receive a full set of Board papers with due notice of issues to be discussed in a timely manner. Relevant Directors will provide explanation on pertinent issues. All proceedings and the conclusions from the Board Meetings are minuted and signed by the Chairman in accordance with the provision of Section 343(3) of the Companies Act, 2016.</p> <p>The Board is kept updated on the Company's financial performance activities and operations as well as other performance factors on a regular basis. The Chairman of the Board Committees is responsible for informing the Board at the Directors' Meetings of any salient matters noted by the Committees and which may require the Board's direction. All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that the Board's procedures are followed.</p> <p>Senior management staff as well as advisers and professionals appointed to act for the Company are invited to attend the meetings to furnish the Board with their views and explanations on relevant agenda items tabled to the Board and to provide clarification on issues that may be raised by any Director. Minutes of the Board meetings are also maintained by the Company Secretary.</p> <p>Minutes of meetings, which accurately reflect the deliberation and decisions of the Board are also circulated within a reasonable period of time upon conclusion of each meeting. Matters that require further action by the Management would stay as matters arising in the Minutes of meetings until it is resolved.</p> <p>In addition, the Board has put in place a procedure for Directors, whether as a full board or in their individual capacity, to have access to all information within the Company and to take independent advice where necessary, in the furtherance of their duties and at the Company's expense.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established clear functions reserved for the Board and those delegated to the Management and this is documented in the Board Charter, which is published on the Company's website, www.kialim.com.my.</p> <p>The Board Charter adopted by the Board sets out the Board's strategic intent and outlines the Board's roles and responsibilities, providing insights and guidance to the Board and the Management concerning their roles and division of responsibilities. Any amendment to the Board Charter can only be approved by the Board. The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. Further to the amendments to the MMLR issued up to 29 November 2017 and the introduction of the new MCCG issued on 26 April 2017, the Board had performed a review of the Board Charter and updated the Board Charter to ensure its consistency with the MMLR and its relevance.</p> <p>The Board Charter was last updated on 29 Mar 2018 for consistency with the MCCG and 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

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 Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board understands that it has the responsibility to set the tone and standards of the Company through a CCE for the Company and has established the CCE for the charters to articulate acceptable practices and guides the behavior of Directors.</p> <p>The Board is clear on what is considered acceptable behaviour and practice in the Company through the CCE's policy. The Board is currently reviews to integrate this CCE into Company's wide management practices.</p> <p>The CCE is published on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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 Board has developed a Whistleblowing Policy which is in line with the Board's effort to encourage employees to report genuine concerns in relation to breach of a legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace. The Board ensures that the Whistleblowing Policy sets out avenues where legitimate concerns can be objectively investigated and addressed. Individuals should be able to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal. The Whistleblowing Policy is published on the Company's website.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure															
Explanation on application of the practice	:																
Explanation for departure	:	<p>The Board currently has seven (7) members, comprising the Chairman, who is an Independent Non-Executive Director, the Vice Chairman, who is an Executive Director, the CEO, one (1) other Executive Director and three (3) Non-Executive Directors of which two (2) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. With the above appointments, Kia Lim Berhad has thus complied with the MMLR of Bursa Securities which required one-third (1/3) of the Board to be Independent Directors.</p> <table border="1" data-bbox="604 806 1325 1041"> <thead> <tr> <th>Designation</th> <th>No. of Director</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Executive Director</td> <td>3</td> <td>42.86</td> </tr> <tr> <td>Non-Independent Non-Executive Director</td> <td>1</td> <td>14.28</td> </tr> <tr> <td>Independent Non-Executive Director</td> <td>3</td> <td>42.86</td> </tr> <tr> <td>Total</td> <td>7</td> <td>100.00</td> </tr> </tbody> </table> <p>With this current status, the Company is not aligned with the desired practice of the MCGG which requires the Board must comprise at least half (1/2) of Independent Directors.</p> <p>However, the Board ensures that there is no party dominating the discussion in its meeting. The Chairman of the Company encourages open discussion of all issues by each and every Director as part of its decision-making process to arrive at an amicable solution.</p>	Designation	No. of Director	Percentage (%)	Executive Director	3	42.86	Non-Independent Non-Executive Director	1	14.28	Independent Non-Executive Director	3	42.86	Total	7	100.00
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Total	7	100.00															
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Measure	:	The Board is mindful of the practice of MCGG, and the Board had further deliberated the matter and committed to achieve the objective of having a majority of Independent Directors.															
Timeframe	:	Within three (3) years.															

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
Explanation on application of the practice	:	<p>Currently Mr Loh Chee Kan, Mr Chua Syer Cin and En Mohd Salleh Bin Jantan have served the Board for accumulated terms of more than nine (9) years.</p> <p>In line with the MCGG, the Nomination Committee ("NC") has assessed the independence of Mr Loh, Mr Chua and En Salleh as defined in MMLR of Bursa Securities which has not been compromised all these while. In fact their experience gained in this industry all these while benefited the Company. Independent Directors always probe the Management and Executive Directors on all issues to their satisfaction. In addition, they always offer their insights and experience to Management and Executive Directors in their decision making process.</p> <p>To that, the Board recommends Mr Loh, Mr Chua and En Salleh to continue their office as Independent Directors according to the respective resolutions put forth in the forthcoming AGM and a <i>two-tier voting process</i> will be conducted during the forthcoming AGM to re-elect Independent Directors who have served the Board for <i>more than twelve (12) years</i>.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>In the process of selecting and evaluating candidates for the Board and Senior Management Team, the Nomination Committee takes into consideration suitability for the role, board balance and composition, mix of skills, experience, knowledge and other qualities as well as diversity in terms of gender, age, ethnicity and cultural background.</p> <p>The Board does not have any formal gender, ethnicity and age diversity policies and targets or any set measures to meet any target. Nevertheless, the Group is an equal opportunity employer and all appointments and employments are based strictly on objective criteria, merits and with due regard for diversity in skills and experience but are not driven by any gender, ethnicity or age bias.</p> <p>Currently, there are two (2) female employees amongst the senior management in the Group.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	A formal policy for diversity on Board and senior management will be prepared to drive the benefits of diverse workforce across the business.
Timeframe	:	Within three (3) years.

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	:	
Explanation for departure	:	<p>At present, the Company has seven (7) Directors, and all are male directors.</p> <p>The Board acknowledges the call by the Government and MCGG for boards of Large Companies to comprise at least 30% women on board. The Board is mindful that any gender representation should be in the best interest of the Company. Although the Company has not met the 30% women representation target, it will continue to search for or welcome suitable female candidates to fill in the directorship position in future.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Taking into account the current Board size for effective decision-making, the Board will take steps to aim for 30% of women directors on the Board by placing gender diversity as one of the considerations for new appointments to the Board.
Timeframe	:	Within three (3) years.

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>In respect of the appointment of Directors, the Company practises a clear and transparent nomination process which involves the following steps:</p> <p>Step 1: identification of candidates Step 2: evaluation of suitability of candidates Step 3: meeting up with candidates Step 4: final deliberation by the Nomination Committee Step 5: recommendation to the Board</p> <p>The Company Secretary will ensure that all appointments are properly made, that all information necessary is obtained, as well as all legal and regulatory obligations are met.</p> <p>All new appointees to the Board are given an introduction to familiarise themselves with the Group's operations so as to assist them in discharging their duties and responsibilities. They are required to attend the Mandatory Accreditation Programme ("MAP") required by MMLR of Bursa Securities and thereafter to continually upgrade their knowledge and exposure through training programmes as well as seminars. So far, there is no new appointment to the BOD for the time being.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied						
Explanation on application of the practice	:	<p>The Nomination Committee is chaired by the Senior Independent Director, Mr Loh Chee Kan.</p> <p>His profile is given in the profile of Board of Directors on page 7 of the 2017 Kia Lim Berhad annual report. The specific responsibilities of the Senior Independent Director are as set out in the Board Charter, which is available on www.kialim.com.my.</p> <p>The members of the Committee are as follows:</p> <table><tr><td>Mr Loh Chee Kan</td><td>Chairman</td></tr><tr><td>Mr Chua Syer Cin</td><td>Member</td></tr><tr><td>En Mohd Salleh Bin Jantan</td><td>Member</td></tr></table>	Mr Loh Chee Kan	Chairman	Mr Chua Syer Cin	Member	En Mohd Salleh Bin Jantan	Member
Mr Loh Chee Kan	Chairman							
Mr Chua Syer Cin	Member							
En Mohd Salleh Bin Jantan	Member							
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>During the financial year, the NC had carried out an evaluation assessment as an effort to determine and monitor the level of effectiveness of the Board, the AC as well as the Board members. The evaluation process also involved a peer assessment, where Directors will assess the performance of their fellow Directors.</p> <p>Key Criteria / Areas for Board Evaluation:</p> <ul style="list-style-type: none"> A) Board composition and size. B) Board process C) Board Committees D) Provision of information to the Board. E) Standard of conduct F) Financial performance <p>Key Criteria / Areas for Director Evaluation:</p> <ul style="list-style-type: none"> A) Interactive skills. B) Knowledge C) Duties <p>These assessments and comments by all Directors were summarised and discussed at the NC Meeting which were then reported to the Board at the Board meeting held thereafter. The assessment enables the Board to ensure that each of the Board members has the character, experience, integrity, competence and time to effectively discharge their respective roles.</p> <p>The Board is happy with the above average outcome for most of its Directors and steps are taken to address weaknesses.</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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Presently the Company does not have a formalised remuneration policies and procedures for Directors and Senior Management.</p> <p>Although there is no directors' remuneration framework for executive directors being put in place, the Board is however of the view that their remuneration is within the reasonable level based on the performance of the Group. The Board constantly takes note of the contribution and performance of the existing Directors. The objective of the Company is to ensure the level of remuneration is sufficient to attract and retain the Directors to run the Company successfully. The Remuneration Committee reviews the remuneration packages each year with a view to ensuring it is fair and able to attract and retain talent who can add value to the Company.</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 intends to put in place a remuneration policies and procedures which cover Directors and Senior Management. The Board is cognizant that such policies are premised on the need to have an adequate level of remuneration to attract and retain Directors and Senior Management personnel of high calibre and talent.
Timeframe	:	Within three (3) years.

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 is responsible to assist the Board in assessing the remuneration packages of the Directors of the Company and Group. The Board will decide on the remuneration packages after considering the recommendations made by the Committee.</p> <p>The members of the Committee are as follows:</p> <table><tr><td>Mr Loh Chee Kan</td><td>Chairman</td></tr><tr><td>Mr Chua Syer Cin</td><td>Member</td></tr><tr><td>En Mohd Salleh Bin Jantan</td><td>Member</td></tr></table> <p>The Terms of Reference of Remuneration Committee is accessible for reference on the Company's website at www.kialim.com.my.</p>	Mr Loh Chee Kan	Chairman	Mr Chua Syer Cin	Member	En Mohd Salleh Bin Jantan	Member
Mr Loh Chee Kan	Chairman							
Mr Chua Syer Cin	Member							
En Mohd Salleh Bin Jantan	Member							
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	:	<p>The remuneration of the Directors of the Group for year 2017 is as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Fees (RM)</th> <th>Salaries (RM)</th> <th>Sitting Allowance (RM)</th> <th>Benefits-in-kind (RM)</th> <th>Others Emoluments (RM)</th> <th>Total (RM)</th> </tr> </thead> <tbody> <tr> <td colspan="7">Independent Non-Executive Director</td> </tr> <tr> <td>Mr Loh Chee Kan</td> <td>30,000</td> <td>-</td> <td>9,000</td> <td>-</td> <td>-</td> <td>39,000</td> </tr> <tr> <td>Mr Chua Syer Cin</td> <td>15,000</td> <td>-</td> <td>7,200</td> <td>-</td> <td>-</td> <td>22,200</td> </tr> <tr> <td>En Mohd Salleh Bin Jantan</td> <td>15,000</td> <td>-</td> <td>9,000</td> <td>-</td> <td>-</td> <td>24,000</td> </tr> <tr> <td>Subtotal</td> <td>60,000</td> <td>-</td> <td>25,200</td> <td>-</td> <td>-</td> <td>85,200</td> </tr> <tr> <td colspan="7">Non-Independent Non-Executive Director</td> </tr> <tr> <td>Dr Ng Yam Puan</td> <td>15,000</td> <td>-</td> <td>9,000</td> <td>-</td> <td>-</td> <td>24,000</td> </tr> <tr> <td colspan="7">Executive Director</td> </tr> <tr> <td>Datuk Ariss Bin Samsudin</td> <td>16,200</td> <td>75,855</td> <td>-</td> <td>13,375</td> <td>4,596</td> <td>110,026</td> </tr> <tr> <td>Datuk Ng Yeng Keng</td> <td>17,400</td> <td>325,000</td> <td>-</td> <td>5,600</td> <td>61,966</td> <td>409,966</td> </tr> <tr> <td>Mr Ng Chin Kang</td> <td>17,400</td> <td>86,655</td> <td>-</td> <td>4,300</td> <td>11,305</td> <td>119,660</td> </tr> <tr> <td>Total</td> <td>126,000</td> <td>487,510</td> <td>34,200</td> <td>23,275</td> <td>77,867</td> <td>748,852</td> </tr> </tbody> </table>		Fees (RM)	Salaries (RM)	Sitting Allowance (RM)	Benefits-in-kind (RM)	Others Emoluments (RM)	Total (RM)	Independent Non-Executive Director							Mr Loh Chee Kan	30,000	-	9,000	-	-	39,000	Mr Chua Syer Cin	15,000	-	7,200	-	-	22,200	En Mohd Salleh Bin Jantan	15,000	-	9,000	-	-	24,000	Subtotal	60,000	-	25,200	-	-	85,200	Non-Independent Non-Executive Director							Dr Ng Yam Puan	15,000	-	9,000	-	-	24,000	Executive Director							Datuk Ariss Bin Samsudin	16,200	75,855	-	13,375	4,596	110,026	Datuk Ng Yeng Keng	17,400	325,000	-	5,600	61,966	409,966	Mr Ng Chin Kang	17,400	86,655	-	4,300	11,305	119,660	Total	126,000	487,510	34,200	23,275	77,867	748,852
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Intended Outcome

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

Practice 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is of the opinion that the disclosure of the senior management's remuneration on a named basis and the various remuneration components (salary, bonus, benefits in-kind and other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns, and would likely to have adverse effect on the Group's talent retention. In fact, the Senior Management has indicated their concern over their safety and confidentiality pertaining to the disclosure.</p> <p>However, the disclosure of the compensation of key management has been made in note 28(b) of the financial statements for year ended 31 December 2017.</p> <p>The Board ensures that the remuneration of senior management is commensurate with the performance of the Group, with due consideration to attract, retain and motivate senior management to lead and run the Group successfully.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Group will closely monitor developments in the market in respect of such disclosure for future consideration.
Timeframe	:	Other

Intended Outcome

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

Practice 7.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established an Audit Committee to review the integrity of the financial reporting and to oversee the independence of external auditors.</p> <p>The Audit Committee is chaired by the Independent Non-Executive Director, Mr Chua Syer Cin. Meanwhile the Chairman of the Board is Mr Loh Chee Kan.</p> <p>The duties and responsibilities of the Chairman of the Audit Committee are outlined in the Terms of reference of the Audit Committee, which is available on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied
Explanation on application of the practice	:	The Group has put in place a policy that requires a former key audit partner of existing external auditor to observe a cooling-off period of at least two years before being appointed as a member of the Audit and Risk Committee. At present, none of the Audit Committee members were former key audit partners of the Company's external auditors.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee is responsible for assessing the capabilities and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditor.</p> <p>Under its Terms of Reference, the Audit Committee reviews the suitability, objectivity and independence of the external auditor of the Company on an annual basis. The review process covers the assessment of the independence of the external auditor, the evaluation of the external auditor’s performance, quality of work, audit fees and the adequacy of resources.</p> <p>During the financial year, the Audit Committee met with the external auditor namely, Ernst & Young, twice in the absence of Management. The Audit Committee has also monitored and reviewed the performance and independence of Ernst & Young and is satisfied that the external auditor has been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the Committee.</p> <p>For the audit of the financial year ended 31 December 2017, the Audit Committee was further assured by Ernst & Young by way of written confirmation that its personnel were and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Pursuant to the assessment on the suitability and independence of the external auditor, the Audit Committee made its recommendation to the Board on the re-appointment on the external auditor alongside the accompanying audit fees.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Applied						
Explanation on adoption of the practice	:	<p>The Audit Committee consists of three (3) members of which all are Independent Non-Executive Directors.</p> <p>The members of the Committee are as follows:</p> <table><tr><td>Mr Chua Syer Cin</td><td>Chairman</td></tr><tr><td>Mr Loh Chee Kan</td><td>Member</td></tr><tr><td>En Mohd Salleh Bin Jantan</td><td>Member</td></tr></table>	Mr Chua Syer Cin	Chairman	Mr Loh Chee Kan	Member	En Mohd Salleh Bin Jantan	Member
Mr Chua Syer Cin	Chairman							
Mr Loh Chee Kan	Member							
En Mohd Salleh Bin Jantan	Member							

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The members of the Committee are as follows:</p> <p>Mr Chua Syer Cin <i>(Chairman and Independent Non-Executive Director)</i></p> <p>Mr Loh Chee Kan <i>(Senior Independent Non-Executive Director)</i></p> <p>En Mohd Salleh Bin Jantan <i>(Independent Non-Executive Director)</i></p> <p>Collectively, the Audit Committee possesses a wide range of necessary skills to discharge its duties. All members of the Audit Committee are financially literate, whilst the Chairman of the Audit Committee is a member of MIA, and thus, fulfilling paragraph 15.09(1)(c) of MMLR, which calls for one member of the audit committee to be a member of a professional accountancy body.</p> <p>All members of the Audit Committee have undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. During the reporting year, the Audit Committee members had attended training courses. Details of their training can be seen on pages 17 to 18 of the Annual Report 2017.</p> <p>During the Audit Committee Meetings, the members were briefed by the external auditor, Messrs. Ernst & Young on the following key areas:</p> <ul style="list-style-type: none"> • Financial Reporting developments; • Adoption of Malaysian Financial Reporting Standards; • Malaysian Code on Corporate Governance; and • Other changes in regulatory environment.
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 of Directors is responsible for the adequacy and effectiveness of the Group's Risk Management and Internal Control System. The Board recognises the importance of good corporate governance and is committed to maintaining a sound system of internal control and risk management. This includes the establishment of an appropriate control environment and risk management framework, processes and structures and continually reviewing the adequacy and integrity of the said systems to safeguard shareholders' investment and the Group's assets.</p> <p>The system of Risk Management and Internal Control covers risk management, finance, operations, management information systems and compliance with relevant laws, both local and foreign, all other regulations, policies and procedures.</p> <p>Whilst acknowledging its responsibilities, the Board is aware of the limitations that are inherent in any systems of internal control and risk management, such systems being designed to manage, rather than eliminate, the risk that may impede the achievement of the Group's business objectives. Accordingly, it can only provide a reasonable combination of preventive, detective and corrective measures but not absolute assurance against material misstatement or losses, fraud or breaches of laws or regulations.</p> <p>The Group's Risk Management and Internal Control framework is an ongoing process, and is in place for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group throughout the financial year. The process is regularly reviewed by the Board.</p> <p>Details of the Group's Risk Management and Internal Control Framework are set out in its Statement on Risk Management and Internal Control, which is on pages 29 to 31 of the Company's Annual Report for 2017.</p> <p>The internal control mechanisms established by the Board are embedded within the organisation structure in all its processes. The internal control system is independently reviewed by an independent professional consulting firm, Wensen Consulting Asia (M) Sdn Bhd, to assess its adequacy and effectiveness.</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 9.2

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 Group has an embedded process for the identification, evaluation, reporting, treatment, monitoring and reviewing of the major strategic, business and operation risks within the Group. Both the Audit Committee and Board of Directors review the effectiveness of the risk management function and deliberate on the Risk Management and Internal Control frameworks, functions, processes and reports on a regular basis.</p> <p>For the period under review, the Board of Directors is assisted by the internal auditors and the management to effectively embed risk management and controls into the corporate culture, processes and structures within the Group. The half yearly risk assessment from the business units are consolidated and updated into the Group Risk Register, highlighting the major risks and the existing key controls. They are then compiled into Group Risk Profile based on the impact and likelihood of occurring, for the Board attention in managing and monitoring these risks.</p> <p>The framework is continually monitored to ensure it is responsive to the changes in the business environment and clearly communicated to all levels.</p> <p>Exceptions and improvement opportunities have been reported to the Audit Committee to enhance the effectiveness of the governance, risk management and internal control processes of the Group. The Board, with the assistance of the Audit Committee, reviews the key risks identified and determines the nature and extent of risks that will be undertaken in achieving the Group's strategic, operational and compliance objectives.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Applied
Explanation on adoption of the practice	:	<p>Risk Management Committee ("RMC") was established on 27 February 2018, it plays the role to ensure that a risk management structure is embedded throughout the Group and risk management policies consistently adopted.</p> <p>The members of the Committee are as follows:</p> <p>Mr Loh Chee Kan <i>(Chairman and Senior Independent Non-Executive Director)</i> Mr Chua Syer Cin <i>(Independent Non-Executive Director)</i> Mr Ng Chin Kang <i>(Executive Director)</i></p> <p>The primary objectives of the RMC are as follows:</p> <p>(a) To oversee the Company and its subsidiaries' risk management matters including but not limiting to framework, policies and procedures; and</p> <p>(b) To review the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.</p>

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>Relevant risk management and internal control systems are implemented for the day-to-day operations of the Group. The internal auditors are authorised to conduct independent audits of all the departments and offices within the Group and reports the findings to the Audit Committee.</p> <p>The risk management and internal control systems are designed to manage and mitigate rather than eliminate the risk of failure in achieving the Company's corporate objectives and safeguarding the Company's assets as well as investors' interests.</p> <p>The Group's internal audit function has been outsourced to an independent professional consulting firm, Wensen Consulting Asia (M) Sdn Bhd, who reports and meets directly with the Audit Committee to present their reports and to discuss their findings and the adequacy of the internal control system of the Group.</p> <p>The information of the internal audit function is set out in the Statement of Risk Management and Internal Control on page 29 and the details of the activities of the internal audit function are set out in the Audit Committee Report (Internal Audit Function) on page 25 of the Company's Annual Report 2017.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal controls. Thus, the Board has outsourced its internal audit function to an independent professional consulting firm, Wensen Consulting Asia (M) Sdn Bhd ("Wensen").</p> <p>The internal audit function is free from any relationship or conflicts of interest which could impair their objectivity and independence. Wensen has no relationship with the Group and is independent from Management, employees, Directors and substantial shareholders. The Audit Committee is of the opinion that Wensen is independent and objective in carrying out its role as an internal audit function.</p> <p>The outsourced internal audit function comprises 12 auditors, and is headed by the Executive Director who is assisted by an audit team comprising of the Engagement Director, Managers and Consultants. The Executive Director is a Practicing Member of the Institute of Singapore Chartered Accountants (ICSA), a member of the Malaysian Institute of Accountants (MIA) and a Fellow Member of the Association of Chartered Certified Accountants (FCCA), with more than 20 years of experience in auditing while other team members are accounting graduates with a minimum qualification of a degree obtained from overseas and/ local universities.</p> <p>The Internal Audit Plan approved by the Audit Committee was duly carried out by the internal audit function for the year 2017 based on Wensen's internal audit methodology which is aligned in accordance with the Internal Auditing Standards set forth in the International Professional Practices Framework issued by the Institute of Internal Auditors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Recognising the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensure that they are well informed of major developments of the Company. The information is communicated to them through the issuance of Annual Report, Circular to Shareholders and announcements made to the Bursa Securities including quarterly results. Shareholders and other stakeholders could also obtain general information of the Company through the website of Bursa Securities and the Company. Our website, www.kialim.com.my is available for access of information by shareholders and the public. Information posted on the website is updated periodically.</p> <p>For any feedbacks or enquires, shareholders can direct them to the Company's designated email address ir-enquiries@kialim.com.my or directly to the Senior Independent Non-Executive Director, Mr Loh Chee Kan at his designated email address sined@kialim.com.my.</p> <p>In view of the size of the Company, Mr Ong is entrusted to assist Mr Loh with investor relation functions of the Company for the time being.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Non-Applicable
Explanation on application of the practice	:	
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 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>In year 2017, the Notice of AGM was given to shareholders in accordance with the Company's Constitution of 21 days' notice. The Notice was given on 27 April 2017 and the AGM was held on 24 May 2017.</p> <p>With the MCCG which came into effect on 26 April 2017, shareholders are notified of the meeting and provided with a copy of the Company's Annual Report at least 28 days prior to the date of meeting</p> <p>The 2018 AGM is scheduled to be held on 30 May 2018. In compliance the MCCG, the Notice of AGM is given to shareholders on 27 April 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

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	:	All Directors attended the AGM held on 24 May 2017. The AGM is the principal forum for dialogue with shareholders. Shareholders are provided with an opportunity to participate in the question and answer session in which shareholders may raise questions pertaining to the business activities of the Company. To encourage participation of shareholders at general meetings, the Chairman invites questions from shareholders for every agenda items of the meeting. Board Members and Senior Management Team are available to respond to all queries and undertake to provide sufficient clarification on issues and concerns raised by the shareholders. The external auditors are also present to provide their professional and independent clarification on queries raised by shareholders.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In line with the recent amendments to the MMLR of Bursa Securities under Paragraph 8.29A(1), the Company has implemented poll voting for all the resolutions set out in the notices of general meetings instead of by a show of hands at the 22nd AGM of the Company held on 24 May 2017. Poll voting more accurately and fairly reflects shareholders' views by ensuring that every vote is recognized, in accordance with the principle of "one share one vote". Polling process was explained during the general meetings. Poll Administrator and Independent Scrutineer were appointed to conduct the polling process and verify the results of the poll respectively. The poll results were also announced to Bursa Securities via Bursa LINK on the same day for the benefit of all the shareholders. Proceedings of the AGM are properly minuted and published on the Company's website after the conclusion of the AGM. The Company will continue this practice in the forthcoming AGM.</p> <p>The location of the AGM is near Batu Pahat town and readily accessible. The upcoming 23rd AGM will be held at The Katerina Hotel, Batu Pahat. The said hotel and the surrounding commercial premises have ample parking space. The AGM venue has been the same since year 2015.</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	:	