

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7471
COMPANY NAME : EDEN INC. BERHAD
FINANCIAL YEAR : December 31, 2018

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>In discharging its fiduciary and leadership functions, the Board has established clear roles and responsibilities in order to be more effective steward and guardians of the Company. The delegation of authority by the Board to the Management is expressly authorised by the Board. The Board provides specific guidance on the various business activities of the Group and the composition of the Board is regularly reviewed to reflect changes within the Group.</p> <p>The Board is responsible for overseeing the Management and business affairs and makes all major policy decisions of the Company within the powers accorded to it by the Company's Articles of Association.</p> <p>The Board assumes the primary responsibilities which include (but are not limited) to the following: -</p> <ol style="list-style-type: none">1. Establishment of the overall strategic direction;2. Approval of annual and interim results, acquisitions and disposals, major capital expenditures and budgets;3. Identifying principal risks and ensuring the implementation of appropriate systems to manage the risks;4. Maintaining an effective investor and shareholders communication policy;5. Periodic review and adoption of the Company's business policies and strategies;6. Board, Board Committees and Top Management succession planning; and7. Review of the adequacy and integrity of the Company's internal controls and management information systems.

	<p>For the financial year ended 31 December 2018, the Board has discharged of the following principal duties and responsibilities on the affairs of the Company and its subsidiary companies of the Group:-</p> <ol style="list-style-type: none"> 1. reviewed and adopted the Group’s strategic plan, future business opportunities and the principal risks together with its mitigations via the Budget for the year 2018; 2. reviewed and discussed on Group’s five (5) years profit forecast; 3. supervised the management performance via daily, weekly or monthly report from all sectors; 4. quarterly reviewed the financial position of the Group; 5. quarterly monitored the operations of the diesels engines and turbines; 6. reviewed and approved the disposal of Time Era Industries Sdn. Bhd., a loss-making sub-subsidiaries of the Company proposed by the senior management; 7. reviewed and approved the acquisition of Megantara Engineering Sdn. Bhd., as a 90% sub-subsidiary of the Company proposed by the senior management; 8. reviewed and approved the proposed issuance of Warrants and Redeemable Convertible Notes; and 9. delegated to the Audit and Risk Committee to review the adequacy and integrity of the Group’s internal controls and risk management.
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 1.2

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

Application	: Applied
Explanation on application of the practice	<p>Tan Sri Abd Rahim bin Mohamad, the Executive Chairman of the Company is responsible to ensure the effectiveness of the Board's function and conduct as well as assuming the formal role as the leader in chairing all of the Board of Directors' ("BOD") meetings and shareholders' meeting.</p> <p>The key roles and responsibilities of Tan Sri Abd Rahim bin Mohamad as the Executive Chairman of the Company as set out in the Board Charter of the Company, are as follows: -</p> <ol style="list-style-type: none">1. establish the agenda for BOD meetings with the consultation of the Executive Directors and the Company Secretaries;2. ensure that all Directors are enabled and encouraged to participate in the BOD meetings. This include in ensuring that all relevant issues are on the agenda and all of the Directors receive timely and relevant information tailored to their needs and that they are properly briefed on issues that arise at the BOD meetings;3. ensure that Executive Directors look beyond their executive functions and accept their full share of responsibilities of governance;4. guide and mediate the Board's action with respect to the organisational priorities and governance concerns;5. undertake the primary responsibility for organising the information necessary for the Board to deal with items of the agenda and for providing this information to Directors on a timely basis with the assistance of Company Secretaries;6. chairing meetings of the Board in a manner that will encourage constructive discussion and effective contribution from each Director;7. be clear in what the Board need to achieve, both in a long and short term goals;8. provide guidance to the other Board members about what is expected of them;

	<p>9. ensure the BOD meetings are effective;</p> <p>10. undertake appropriate public relation activities in conjunction with the Executive Directors and senior management;</p> <p>11. be the major point of contact between the Board and the Executive Directors as well as the senior management;</p> <p>12. regularly review the progress on important initiatives and significant issues facing by the Company and/or the Group in conjunction with the Executive Directors and senior management progress on important initiatives and significant issues facing by the Company and/or the Group;</p> <p>13. provide mentoring for the Executive Directors and senior management; and</p> <p>14. initiate and oversee the evaluation process for the Executive Directors and senior management, annually.</p> <p>The leadership of Tan Sri Abd Rahim bin Mohamad as the Executive Chairman of the Company was acknowledged and verified by the good ratings received via the Self and Board Performance Evaluation for the financial year ended 31 December 2018.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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>Tan Sri Abd Rahim bin Mohamad, the Executive Chairman of the Company, while the following persons are the Executive Directors: -</p> <table border="1"><thead><tr><th>No.</th><th>Name</th><th>Position</th></tr></thead><tbody><tr><td>1.</td><td>Puan Sri Fadzilah binti Md. Ariff</td><td>Executive Director</td></tr><tr><td>2.</td><td>Dato' Abdullah bin A. Rasol</td><td>Executive Director, Corporate Affairs</td></tr><tr><td>3.</td><td>Dato' Nik Mohd Fuad bin Wan Abdullah</td><td>Executive Director, Energy Sector</td></tr></tbody></table> <p>The roles of the Chairman and the respective Executive Directors are segregated and clearly defined in the Board Charter.</p> <p>The Executive Chairman's role is to instil good corporate governance practices, being the leader of the Board and mentoring the Executive Director and Senior Management. Whilst, the Executive Directors of the Company is to manage the day-to-day management of the Company and the Group. In this regard, no one individual can influence Board's discussions and decision-making.</p> <p>For the financial year ended 31 December 2018, the Executive Director, Corporate Affairs have advised the Executive Chairman on the strategic plans of the Group in generally as well as the Group's day-to-day operations, management and the implementation of the Board's decisions. Whereas, the Executive Director, Energy Sector has coordinated the management and operations of the Group's Energy Sector and report quarterly to the Executive Chairman. The Executive Chairman through the report and information from the Executive Directors, has given suggestions and comments to the Executive Directors, for operations of the Group's business.</p>	No.	Name	Position	1.	Puan Sri Fadzilah binti Md. Ariff	Executive Director	2.	Dato' Abdullah bin A. Rasol	Executive Director, Corporate Affairs	3.	Dato' Nik Mohd Fuad bin Wan Abdullah	Executive Director, Energy Sector
No.	Name	Position												
1.	Puan Sri Fadzilah binti Md. Ariff	Executive Director												
2.	Dato' Abdullah bin A. Rasol	Executive Director, Corporate Affairs												
3.	Dato' Nik Mohd Fuad bin Wan Abdullah	Executive Director, Energy Sector												
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

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 supported by two (2) qualified and competent Company Secretaries, Ms. Chua Siew Chuan and Ms. Yeow Sze Min. Both Company Secretaries are qualified Chartered Secretaries under Section 235(2)(a) of the Companies Act 2016 and are members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA").</p> <p>The primary responsibilities of the Company Secretaries, include (but are not limited) to the following: -</p> <ol style="list-style-type: none">1. Ensuring the Board procedure and applicable rules are observed;2. Maintaining records of the Board and Board Committees and its respective meetings and ensuring effective management of the Company's records;3. Preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded;4. Timely dissemination of information of the relevant to Directors' roles and functions and keeping them updated and on new or evolving regulatory requirement;5. Carrying out other functions as deemed appropriate by the Board from time to time;6. Assisting the Board with interpreting legal and regulatory acts related to the listing rules and international regulations and developments; and7. Advising the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis. <p>For the financial year ended 31 December 2018, the Board is satisfied with the support rendered by the Company Secretaries to the Board in the discharge of its roles and responsibility.</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>For the financial year ended 31 December 2018, the Companies Secretaries by the order of the Chairman of the Board and Board Committees, attended that the notice calling the each Board and Board Committees' meeting was issued at least seven (7) days in advance and the agenda and relevant papers were issued at least seven (7) days prior to each meetings to allow sufficient time for Directors and Committees to review and consider the relevant information.</p> <p>Subsequent to the meeting, the Minutes were circulated to the Board and Board Committee for confirmation to ensure that deliberations and decisions are accurately recorded. The Company Secretaries have ensured that a statement of declaration of interest or abstention from voting and deliberation was recorded in the Minutes.</p> <p>The Board and Board Committee's Chairman of the meeting signed the minutes as a correct record of the proceedings and thereafter, the said minutes of all proceedings are kept in the statutory book at the registered office of the Company to be made available for inspection 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

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:-

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter of the Company was established on 25 April 2017 and revised on 22 April 2019. In the course of establishing a Board Charter, the Board aims to guide the Board of the Company on its stewardship role of the Group based on Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Companies Act 2016 as well as adopt the related practices and guidance from the Malaysia Code on Corporate Governance.</p> <p>This is to ensure that all Board members are aware of their fiduciary duties and responsibilities to safeguard the interest of all stakeholders and upholding the highest standards of corporate governance.</p> <p>The Board Charter entails the following: -</p> <p>A. <u>Board of Directors</u></p> <ol style="list-style-type: none">1. Board Composition2. Authorities of the Board3. Matters Reserved4. Board Review Process5. Board Diversity <p>B. <u>Roles and Responsibilities</u></p> <ol style="list-style-type: none">1. General2. Board3. Chairman4. Executive Directors5. Non-Executive Directors/ Independent Non-Executive Directors6. Senior Independent Non-Executive Director <p>C. <u>Board Committees</u></p> <ol style="list-style-type: none">1. Audit and Risk Committee2. Nomination and Remuneration Committee

	<p>D. <u>Rights of Directors</u></p> <ol style="list-style-type: none"> 1. Access to Information 2. Independent Professional Advice <p>E. <u>Directors' Remuneration</u></p> <ol style="list-style-type: none"> 1. Oversight of Remuneration 2. Disclosure of Remuneration <p>F. <u>Appointment and Re-Election of Directors</u></p> <ol style="list-style-type: none"> 1. Appointment 2. Re-election <p>G. <u>Directors' Orientation and Continuous Education Training</u></p> <ol style="list-style-type: none"> 1. Induction of Newly Appointed Directors 2. Directors' Training and Development <p>H. <u>Directors' Code of Conduct and Ethics</u></p> <p>I. <u>Board Meetings</u></p> <ol style="list-style-type: none"> 1. Frequency 2. Notice 3. Agenda 4. Meeting paper 5. Quorum 6. Attendance at Board Meetings 7. Voting 8. Minutes <p>J. <u>Company Secretary</u></p> <p>K. <u>Stakeholders' Communication</u></p> <p>L. <u>General Meeting</u></p> <p>The Board Charter is subject to review by the Board as and when necessary to ensure it complies with all applicable laws, rules and regulations of the regulators and remain consistent with the policies and procedures of the Board. The Board Charter was reviewed and approved by the Board on 22 April 2019.</p> <p>A copy of the Board Charter is available for viewing at the Company's corporate website at www.edenzil.com.</p>
<p>Explanation for departure</p>	<p>:</p>

<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 adopted Director's Code of Ethics which described the standards of business conduct and ethical behaviour for Directors in performing and exercising their responsibilities as the Director of the Company or when representing the Company including declaration of interests, conduct in meetings and guidelines in accepting gifts.</p> <p>A copy of the Director's Code of Ethics is available for viewing at the Company's corporate website at www.edenzil.com.</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 expects the highest standards of integrity, probity, transparency and accountability from all employees to preserve and protect the Group's interest and reputation. Hence, the Board had on 25 April 2017 established a Whistleblowing Policy with the following objectives: -</p> <ol style="list-style-type: none">1. To provide avenues for employees to disclose any acts of wrongdoing;2. To assure the employees that they will be protected from reprisals, discrimination or victimisation for whistleblowing in good faith; and3. To provide a formal mechanism for action on all whistleblowing reports made and any matters of wrongdoing reported by other sources (e.g. from the Management, Group Internal Audit, etc.). <p>Matters of those concerns include: -</p> <ol style="list-style-type: none">1. malpractice, impropriety, fraud and embezzlements;2. misappropriation of assets and funds;3. criminal breach of trust;4. illicit and corrupt practices;5. questionable and improper accounting;6. misuse of confidential information;7. acts or omissions, which are deemed to be against the interest of the Group, laws, regulations or public policies;8. breaches of any Group Policies or code of ethics; and9. attempts to deliberately conceal any of the above or other acts of wrongdoing.

	A copy of the Whistleblowing Policy is available for viewing at the Company's corporate website at www.edenzil.com .	
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 is currently composed of seven (7) Board members. The four (4) Executive Directors comprise of an Executive Chairman, an Executive Director, an Executive Director (Corporate Affairs) and an Executive Director (Energy Sector), who provide full and effective control of the Group's business affairs, whilst the check and balance are provided by the three (3) Independent Non-Executive Directors.</p> <p>The three (3) Independent Non-Executive Directors represent the compliance with the requirement of one-third (1/3) of the Board are Independent Directors pursuant to Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The presence of Independent Non-Executive Directors is essential as they are independent from the Management and are free from any business or other relationships that could materially interfere with the exercise of the independent judgment or the ability to act in the best interest of the Group. Accordingly, Dato' Mohamed Salleh bin Bajuri was appointed as the Senior Independent Non-Executive Director, to whom concerns may be conveyed to.</p> <p>To ensure the effectiveness of the Independent Non-Executive Directors on the Board, the assessments were conducted during the financial year ended 31 December 2018 via the following:</p> <ol style="list-style-type: none">1. self/board performance evaluations; and2. forms of declaration of independence to facilitate the process of determining the Directors' independency. <p>Through the recommendation of the Nomination and Remuneration Committee, the Board is satisfied with the level of independency demonstrated by all of the Independent Non-Executive Directors and their ability to act in the best interest of the Company for the financial year ended 31 December 2018.</p> <p>The Board is of the view that with the current Board composition is optimal to facilitate effective decision making and independent</p>

	judgement where no individual shall dominate the Board's decision making.	
	<p>Alternate Practice:-</p> <p>The Board undertakes the decision of the Board shall always be agreed upon by at least majority of the Independent Directors present at the Meeting, therefore, no individual Director can dominate the decision making of the Board.</p> <p>The Board would take into consideration on the appointment of an additional potential Independent Non-Executive Director 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	:	
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>Dato' Mohamed Salleh bin Bajuri ("Dato' Salleh"), who was appointed as an Independent Director ("ID") of the Company since 11 April 2002 and has since served in the capacity for cumulative term exceeding nine (9) years. Pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance ("MCCG"), Dato' Salleh's tenure as an ID should not exceed a cumulative of nine (9) years and the Board must justify and seek shareholders' approval in the event it retains him as an ID.</p> <p>Pursuant to the commentary in respect of the Practice 4.2 of the MCCG, notwithstanding Dato' Salleh's tenure in office as an ID of more than nine (9) years, the Board has recommended the retention of Dato' Salleh as an ID of the Company for shareholders' approval at the Fortieth Annual General Meeting held on 6 June 2018, through two-tier voting process based on the assessment of the Nomination and Remuneration Committee ("NRC") that Dato' Salleh's independence has not been compromised or impaired in any way after assessing the following considerations or criteria: -</p> <ol style="list-style-type: none">1. Dato' Salleh continues to fulfil the definition of ID as set out under Paragraph 1.01 of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities");2. During Dato' Salleh's tenure in office, Dato' Salleh has not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Executive Chairman and Executive Directors, major shareholders or Management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an ID, Chairman of the Audit and Risk Committee and member of NRC;3. During Dato' Salleh's tenure in office, he has never transacted or entered into any transactions with, or provided any services to, the Company and its subsidiaries of the Executive Chairman, the Executive Directors, or major shareholders or Management of the

	<p>Company (including their family members) within the scope and meaning as set forth under Paragraph 5 of Practice Note of Main LR of Bursa Securities;</p> <p>4. During Dato' Salleh's tenure in office, he has not been offered or granted any options by the Company. Apart from the Director's fees and allowances paid which had been the norm and had been duly disclosed in the annual reports, no other incentives or benefits or whatsoever nature had been paid to him by the Company; and</p> <p>5. During Dato' Salleh's tenure in office, he has not been engaged as an adviser by the Company under such circumstances as prescribed by the Bursa Securities or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by Bursa Securities; or has not engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or listed issuer) which has engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities.</p> <p>The Board will, from time to time, review its composition and size while at the same time having due regard for diversity in skills, experience, age, cultural background and gender.</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

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 current Board is consists of seven (7) Directors with diverse background and qualifications, collectively bring with them a wide range of experience and expertise in areas such as economics, accounting and auditing, taxation and finance.</p> <p>The Board is supportive towards the boardroom gender diversity with one (1) female Director sits in the Board. During the financial year ended 31 December 2018, there was no new Director appointed to the Board of the Company.</p> <p>Recruitment and appointment of Senior Management and staff are based on a candidate's background, qualifications, experience and competency per the requirements of the job function.</p> <p>The Company is committed to provide fair and equal opportunity in employment and nurturing with the Group regardless of race, nationality, ethnic origin, age, religion or belief, gender, marital status, disability, or any other characteristic unrelated to the performance of the job.</p> <p>As at 31 December 2018, there were eleven (11) employees holding senior management position of the Group, of which four (4) of them are female.</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>As at 31 December 2018, the Board consists of one (1) female director, namely Puan Sri Fadzilah binti Md Ariff who is the Executive Director of the Company. The Board targets to improve further on the gender diversity ratio.</p> <p>The Nomination and Remuneration Committee is tasked to consider candidates for directorship by taking into consideration on the following:</p> <ol style="list-style-type: none"> 1. skill, knowledge, expertise, experience; 2. character; 3. professionalism; 4. integrity; and 5. the ability to discharge such responsibilities and functions as expected from a director. <p>The Board will, from time to time, review its composition and size to ensure it fairly reflects the investments of the shareholders of the Company while at the same time having due regard for diversity in skills, experience, age, cultural background and gender.</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	:	Applied
Explanation on application of the practice	:	<p>In considering candidates for directorship, the Nomination and Remuneration Committee does not solely rely on recommendations from existing board members, management or major shareholders. The Nomination Committee would take into account the following:</p> <ol style="list-style-type: none"> 1. skill, knowledge, expertise, experience; 2. character; 3. professionalism; 4. integrity; and 5. the ability to discharge such responsibilities and functions as expected from a director. <p>During the financial year ended 31 December 2018, the Company did not appoint any new Director. The Company would take into consideration of other variety of approaches and independent sources to identify suitable candidate for appointment of Directors.</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 Chairman of the Nomination and Remuneration Committee (“NRC”), Dato’ Anuarudin bin Mohd Noor (“Dato’ Anuarudin”) is an Independent Non-Executive Director of the Company.</p> <p>For the financial year ended 31 December 2018, as the Chairman of the NRC, Dato’ Anuarudin has lead the review of Board’s effectiveness and composition via the Board and Board Committee Performance and Self Performance Evaluations, to ensure that the performance of each individual director is independently assessed.</p> <p>Dato’ Anuarudin’s responsibilities and duties as a NRC are disclosed in the Terms of Reference (“TOR”) of the NRC.</p> <p>A copy of the TOR of the NRC is available for viewing at the Company’s corporate website at www.edenzil.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied										
Explanation on application of the practice	:	<p>For the financial year ended 31 December 2018, the Nomination and Remuneration Committee (“NRC”) has conducted the following assessments:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Evaluation</th> <th style="text-align: left;">Assessment criteria</th> </tr> </thead> <tbody> <tr> <td>Individual Directors</td> <td> <ul style="list-style-type: none"> • Fit and proper; • Contribution and performance; and • Calibre and personality. </td> </tr> <tr> <td>Board and Board Committee</td> <td> <ul style="list-style-type: none"> • Board mix and composition; • Quality of information and decision making; • Boardroom activities; and • Board Committees’ Performance </td> </tr> <tr> <td>Audit and Risk Committee</td> <td> <ul style="list-style-type: none"> • Quality and composition • Skills and Competencies • Meeting Administration and Conduct • Duties and Responsibilities </td> </tr> <tr> <td>Independence of the Independent Directors</td> <td> <ul style="list-style-type: none"> • Independence criteria in accordance with Paragraph 1.01 and Practice Note 13 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad </td> </tr> </tbody> </table> <p>The results of the aforesaid evaluations were then collated by the Company Secretaries and tabled to the NRC for deliberation. Each Director was provided feedback on their contribution to the Board and its Committees. The review supported the Board’s decision to endorse all retiring Directors standing for election. The assessment report together with the report on the Board balance (the required mix of skills, experience and other qualities) were discussed and circulated to the Board in April 2018.</p> <p>Based on the results and discussion, the NRC concluded that the Board as a whole, the Board Committees and each individual Director had performed well and effectively and the overall composition of the Board in terms of size, mix of skills, experience, core competencies and the</p>	Evaluation	Assessment criteria	Individual Directors	<ul style="list-style-type: none"> • Fit and proper; • Contribution and performance; and • Calibre and personality. 	Board and Board Committee	<ul style="list-style-type: none"> • Board mix and composition; • Quality of information and decision making; • Boardroom activities; and • Board Committees’ Performance 	Audit and Risk Committee	<ul style="list-style-type: none"> • Quality and composition • Skills and Competencies • Meeting Administration and Conduct • Duties and Responsibilities 	Independence of the Independent Directors	<ul style="list-style-type: none"> • Independence criteria in accordance with Paragraph 1.01 and Practice Note 13 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad
Evaluation	Assessment criteria											
Individual Directors	<ul style="list-style-type: none"> • Fit and proper; • Contribution and performance; and • Calibre and personality. 											
Board and Board Committee	<ul style="list-style-type: none"> • Board mix and composition; • Quality of information and decision making; • Boardroom activities; and • Board Committees’ Performance 											
Audit and Risk Committee	<ul style="list-style-type: none"> • Quality and composition • Skills and Competencies • Meeting Administration and Conduct • Duties and Responsibilities 											
Independence of the Independent Directors	<ul style="list-style-type: none"> • Independence criteria in accordance with Paragraph 1.01 and Practice Note 13 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad 											

	balance between the Executive Directors, Non-Executive Directors and Independent Directors, is appropriate. The Independent Directors had also fulfilled their independent role in corporate accountability through their objective participation in Board deliberations during Board meetings. In addition, the NRC obtained the annual declaration of independence from the Independent Directors confirming their independent status.	
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 Board has in placed Remuneration Policy for the Directors and senior management personnel which takes into account the demands, complexities and performance of the Group as well as skills and experience required.</p> <p>The objective of the Remuneration Policy are as follows: -</p> <ol style="list-style-type: none"> 1. to provide a level of remuneration that motivates, encourages, attracts and retain employee of highest calibre; 2. to ensure that the total remuneration shall be set at levels are competitive with the relevant market and industry and align with shareholders' interest and best market practice; 3. to provide remuneration that is performance-based; 4. to provide an appropriate level of transparency to ensure the policy underlying remuneration is understood by investors; and 5. to ensure a level of equity and consistency. <p>The remuneration levels of Executive Directors are structured to enable the Company to attract and retain the most qualified Executive Board members, whilst, Independent Non-Executive Directors are not entitled to receive bonuses nor participate in short-term and/or long-term incentive plans but only receive remuneration in the form of Directors' fees and meeting allowances plus the reimbursement of expenses incurred, if any, in the course of performing their services, for the purpose to ensure no impairment to the objectivity and independent judgment of the Independent Non-Executive Directors on matters discussed at board meetings.</p> <p>The remuneration of the senior management personnel is determined at Board level and does not require for shareholders' approval.</p>

	A copy of the Remuneration Policy is available for viewing at the Company's corporate website at www.edenzil.com .	
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 Nomination and Remuneration Committee ("NRC") is made up of two (2) Directors whom all are independent and is presently chaired by Dato' Anuarudin bin Mohd Noor.</p> <p>For the financial year ended 31 December 2018, the NRC has in accordance with Remuneration Policy, reviewed, assesses and recommended to the Board of Directors the remuneration of the Directors takes into account the demands, complexities and performance of the Group as well as skills and experience required as stipulated in its Terms of Reference ("TOR").</p> <p>The Board, as a whole, had then subsequently determined the remuneration of the Directors, with each Director concerned abstaining from any decision with regards to his/her remuneration. The Company pays its Directors the fees had been approved by the shareholders during the Fortieth Annual General Meeting held on 6 June 2018.</p> <p>A copy of the TOR of the NRC is available for viewing at the Company's corporate website at www.edenzil.com.</p> <p>The summary of works of the NRC for the financial year ended 31 December 2018, were as follows:</p> <ol style="list-style-type: none">1. reviewed the composition of the board of the subsidiaries of the Company;2. reviewed the effectiveness of the Board of Directors as a whole and the Board Committee and the contribution and performance of each individual director;3. recommend the re-election of Directors;4. reviewed the independency of the Independent Directors;

	<p>5. recommend the retention of Dato' Mohamed Salleh bin Bajuri as an independent director of the Company;</p> <p>6. reviewed and recommend training programmes for the Board;</p> <p>7. reviewed and recommend the Directors' fees and Directors' benefit; and</p> <p>8. reviewed and recommend the remuneration packages of the Executives Directors.</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

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

Practice 7.1

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

Application :	Applied				
Explanation on application of the practice :	The details of remuneration of Directors who served during the financial year ended 31 December 2018 were as follows:				
	Directors' fee	Salaries and Other Emoluments	EPF Contribution	Benefits-In-Kind	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
COMPANY					
Non-Executive Directors					
Dato' Mohamed bin Salleh Bajuri	40	-	-	-	40
Dato' Anuarudin bin Mohd Noor	30	-	-	-	30
Datuk Seri Ahmad bin Hj. Kabit	30	-	-	-	30
Subtotal	100	-	-	-	100
Executive Director					
Tan Sri Abd Rahim bin Mohamad	60	1,340	282	129	1,811
Puan Sri Fadzilah bin Md Ariff	30	506	97	103	736
Dato' Abdullah bin A. Rasol	30	298	19	65	412

	Dato' Nik Mohd Fuad bin Wan Abdullah	30	-	-	-	30
	Subtotal	150	2,144	398	297	2,989
	TOTAL	250	2,144	398	297	3,089
	GROUP					
	Non-Executive Directors					
	Dato' Mohamed bin Salleh Bajuri	40	-	-	-	40
	Dato' Anuarudin bin Mohd Noor	30	-	-	-	30
	Datuk Seri Ahmad bin Hj. Kabit	30	-	-	-	30
	Subtotal	100	-	-	-	100
	Executive Directors					
	Tan Sri Abd Rahim bin Mohamad	60	1,340	282	141	1,823
	Puan Sri Fadzilah bin Md Ariff	30	506	97	123	756
	Dato' Abdullah bin A. Rasol	40	298	19	80	437
	Dato' Nik Mohd Fuad bin Wan Abdullah	30	262	40	37	369
	Subtotal	160	2,406	438	381	3,385
	TOTAL	260	2,406	438	381	3,485
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

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 view that, given that the disclosure of the remuneration of the top five (5) senior management will give rise to recruitment and talent retention issues and may lead to the performing senior management staff being lured away by the competitors and hence, the Group may lose high calibre personnel who have been contributing to the Group's performance.</p> <p>The Board will ensure that the remuneration for the senior management personnel is commensurate with their performance in order to attract, retain and motivate them to contribute positively to the Group's performance.</p> <p>Alternate Practice: -</p> <p>The Company has disclosed the aggregate total remuneration of all key senior management personnel for the financial year ended 31 December 2018, under Note 33 (b) to the Financial Statements on page 134 of the Annual Report.</p> <p>The Board of the view that this disclosure provides an alternative means for stakeholders to assess whether the key senior management personnel of the Group is remunerated fairly appropriately in line with this Practice.</p>
<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 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit and Risk Committee (“ARC”) is chaired by Dato’ Mohamed Salleh bin Bajuri (“Dato’ Salleh”), the Senior Independent Non-Executive Director of the Company, which is a separate person from the chair of the Board, Tan Sri Abd Rahim bin Mohamad, the Executive Chairman of the Company. Dato’ Salleh is also the member of the Malaysian Institute of Account.</p> <p>Dato’ Salleh’s responsibilities and duties as a member of the ARC are disclosed in the Terms of Reference (“TOR”) of the ARC.</p> <p>A copy of the TOR of the ARC is available for viewing at the Company’s corporate website at www.edenzil.com.</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>Terms of Reference of Audit and Risk Committee (“ARC”) indicates that the appointment of a former key audit partner as a member of the ARC shall observe a cooling-off period of at least two (2) years before appointed as a member of ARC.</p> <p>None of the ARC members was a former key audit partner of the Company and notwithstanding the above provision, the Board has no intention to appoint any former key audit partners as a member of 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

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 and Risk Committee ("ARC") has established External Auditors ("EA") Policy and Procedures on 25 April 2017.</p> <p>The EA Policy and Procedures entails the following:</p> <ol style="list-style-type: none">1. Objective;2. Applicability;3. Authority;4. Scope;5. Key Definitions;6. Policies:<ol style="list-style-type: none">(a) appointment and reappointment of EA;(b) assessing performance and independence of EA;(c) audit partner rotation;(d) audit delivery and reporting;(e) engagement of EA for non-audit services;(f) removal of the EA.7. Procedures:<ol style="list-style-type: none">(a) Appointment of the EA(b) Assessing performance and independence of EA for appointment;(c) Assessing independence of EA for reappointment;(d) Audit delivery and reporting;(e) Assessing the provision of non-audit related services by EA; and(f) Removal of the EA. <p>For the financial year ended 31 December 2018, the ARC had conducted assessment of the suitability, objectivity and independence of the EA, namely Messrs. Afrizan Tarmili Khairul Azhar ("AFTAAS") prior to AFTAAS's appointment. The ARC has assessed AFTAAS based on several factors, including independence of the EA, quality of audit review procedures, adequacy of the firm's expertise and its resources to carry out the audit work that they were tasked with and the extent of the non-audit services rendered.</p> <p>Upon completion of its assessment, the ARC is satisfied with AFTAAS's technical competency and audit independence and recommended to</p>

	<p>the Board the appointment of AFTAAS as EA for financial year ended 31 December 2018. The Board has in turn recommended the same for shareholders' approval at the Fortieth Annual General Meeting held on 6 June 2018.</p> <p>The ARC noted for the financial year ended 31 December 2018, AFTAAS, the EA of the Company confirmed in writing that the engagement quality control reviewer and members of the engagement team in the course of their audits were and had been independent for the purpose of the audit in accordance with the terms of relevant professional and regulatory requirements.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted			
Explanation on adoption of the practice	:	The current Audit and Risk Committee (" ARC ") comprise solely of Independent Non-Executive Directors which consist of the following members: -			
		No.	Name	Designation	Directorship
		1.	Dato' Mohamed Salleh bin Bajuri	Chairman	Senior Independent Non-Executive Director
		2.	Dato' Anuarudin bin Mohd Noor	Member	Independent Non-Executive Director
		3.	Datuk Seri Ahmad bin Hj. Kabit	Member	Independent Non-Executive Director

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 Audit and Risk Committee ("ARC") collectively have the appropriate and necessary skills and a wide range of experience and expertise in areas such as accounting and auditing, taxation, finance and economics.</p> <p>For the financial year ended 31 December 2018, the Board has through the Nomination and Remuneration Committee, assessed the ARC via ARC Evaluation and ARC Members' Peer Performance Evaluation. Based on the results compiled by the Company Secretaries, the ARC members are financially literate and understand the Group's business. The ARC as a whole, has necessary skills and knowledge to discharge their duties. The ARC members had also given feedback to their peers on areas of focus for enhancement.</p> <p>The members of the ARC have attended various continuous trainings and development programmes as detailed in the Annual Report.</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 has the overall responsibility and affirms the importance of maintaining a sound system of internal control and risk management including reviewing its adequacy and integrity.</p> <p>The Statement on Risk Management and Internal Control as set out in the Annual Report provides an overview of the state of Risk Management and internal controls within 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

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 via the Audit and Risk Committee (“ARC”) oversees the risk management of the Group.</p> <p>The ARC with the assistance of the Management had reviewed and assessed the risk tolerance of the Group in order to safeguard the interest of the stakeholders.</p> <p>The Statement on Risk Management and Internal Control furnished in the Annual Report provides an overview of the internal control within the Group during the financial year under review.</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 :	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 Group's internal audit and risk assurance function is independent from the Management. The audit is performed with impartiality, proficiency and due professional care. The internal audit and risk assurance review of the operating units is an independent and objective assessment of a unit's compliance with internal control.</p> <p>An internal audit and risk assurance review highlights major weaknesses in control procedures and make recommendations for improvements.</p> <p>For the financial year ended 31 December 2018, Messrs. JKO & Associates was appointed to provide internal audit services to the Group. The outsourced Internal Auditors report directly to the Audit and Risk Committee providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The purpose of the internal audit function is to provide the Board, through the Audit and Risk Committee, assurance of the effectiveness of the system of internal control in the Group.</p> <p>A summary of the activities of the Audit and Risk Committee together with Messrs. JKO & Associates during financial year ended 31 December 2018 is set out in the Audit Committee Report in the Annual Report.</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–

1. whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
2. the number of resources in the internal audit department;
3. name and qualification of the person responsible for internal audit; and
4. 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 has appointed an independent professional service provider to carry out the internal audit function, namely, Messrs. JKO & Associates. The outsourced Internal Auditors report directly to the Audit and Risk Committee (“ARC”). The ARC had reviewed and assessed the adequacy of the scope, functions, competency, resources and independence of the outsourced internal auditors and that they have the necessary authority to carry out their work during the financial year ended 31 December 2018.</p> <p>The profile of Messrs. JKO Associates is set out below:</p> <p>Principal Engagement lead: Clement Chong Qualifications: Master of Business Administration, Institute of Chartered Secretaries and Administrator, the Malaysia Institute of Certified Public Accountants, Malaysian Institute of Accountants, and Charter Member of Certified Risk Professional Experiences: Corporate governance, enterprise risk management, internal audit and control reviews Number of resources: three (3)</p> <p>The number of resources employed by JKO Associates varies from one (1) to three (3) personnel per visit. The internal auditors adhere to International and Malaysian auditing standards in undertaking their work. The lead auditor is a member of the Institute of Internal Auditors Malaysia.</p> <p>Messrs. JKO Associates’ engagement team personnel have affirmed to the ARC that in relation to the Company/Group, they were free from any relationships or conflicts of interest, which could impair their objectivity and independency.</p>

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

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of effective communication to the investors of the Company regarding the business, operations and financial performance of the Group are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.</p> <p>The Board ensures that there is effective, transparent and regular communication with its stakeholders through a variety of communication channels as follow:</p> <p>1. Announcements to Bursa Malaysia Securities Berhad ("Bursa Securities")</p> <p>Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities.</p> <p>Shareholders and Investors can obtain the Company's latest announcements such as quarterly financial results in the dedicated website of Bursa Securities at www.bursamalaysia.com.my.</p> <p>2. Annual Reports</p> <p>The Company's Annual Reports to the shareholders remain the central means of communicating to the shareholders, amongst others, the Company's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.</p> <p>3. Annual General Meeting/General Meetings</p> <p>The Annual General Meeting/General Meetings which are used as the main forum of dialogue for shareholders to raise any issues pertaining to the Company.</p>

	<p>4. Corporate Website</p> <p>The Company's website provides a plethora of information to the public, which includes, inter alia, corporate information, business activities, corporate governance matters, latest news and events, annual reports, and etc.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not classified as “Large Companies”. However, the Company would consider to adopt the integrated reporting based on a globally recognised framework in the near future.	
<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>The notice of Fortieth Annual General Meeting (“AGM”) held on 6 June 2018 together with the Annual Report is sent to the shareholders at least twenty-eight (28) days prior to the meeting date in order to give sufficient time to the shareholders to review the resolutions that will be discussed and concluded during the AGM. In addition, the notice of Fortieth AGM was advertised in local newspaper in which the shareholders and the general public able to access easily to the notice of Fortieth AGM.</p> <p>The Explanatory Notes in the Notice of Fortieth AGM also provide detailed explanation for each resolutions proposed to enable the shareholders to make informed decision in exercising their voting rights.</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 Chairman 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 at the Fortieth Annual General Meeting of the Company held on 6 June 2018 (“AGM”) to engage with the shareholders personally and proactively.</p> <p>The proceedings of the AGM included the presentation of financial statements to the shareholders, and a question and answer session in which the Chairman of the AGM would invite shareholders to raise questions on the Company’s financial statements and other items for adoption at the AGM, before putting a resolution to vote.</p> <p>The Board has ensured that sufficient opportunities were given to shareholders to raise issues relating to the affairs of the Company and that adequate responses are given.</p> <p>The Chairmen of the Board Committees were also readily available to address the questions posted by the shareholders at the AGM.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Fortieth Annual General Meeting (“AGM”) was held on 6 June 2018 at Persatuan Alumni Universiti Malaya (PAUM) Clubhouse, which was easily accessible to most of the shareholders.</p> <p>Poll voting was adopted at the Fortieth AGM for all resolutions proposed, where votes were cast by way of electronic polling. Share Registrar of the Company, Securities Services (Holdings) Sdn. Bhd. was appointed to act as the Poll Administrator and Commercial Quest Sdn. Bhd. was appointed to act as the Independent Scrutineers in order to verify the results of the poll voting.</p> <p>The Board views that it is not cost effective nor practical for the Company to leverage on technology to facilitate shareholders voting in absentia or having remote shareholders' participation in general meeting.</p> <p>Alternate Practice: -</p> <p>The shareholders can vote by proxy, provided that the proxy shall have been appointed by the shareholder himself or by his duly authorised representative provided further that it is filed at the registered office of the Company at least forty-eight (48) hours before the Annual General Meeting.</p> <p>The Company would consider all venues available including all the necessary requirements for implementation in the future.</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 is keen to leverage on technology to facilitate voting in absentia and remote shareholders' participation at AGM. Measures will be taken to explore the same.

Timeframe	:	Within three (3) years.	
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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.

N/A
