

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7097  
**COMPANY NAME** : TA WIN HOLDINGS BERHAD  
**FINANCIAL YEAR** : June 30, 2019

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible to ensure long term success and delivering of sustainable value to its stakeholders through its leadership and management of the Group's businesses. The Board sets the strategic direction of the Group while exercising oversight on day-to-day management and operations delegated to the Executive Directors and Senior Management to ensure that the conduct of the business of the Group is in compliance with relevant laws, practices, standards and guidelines applicable to the Group. The Board sets the appropriate tone at the top, providing leadership and managing good governance and practices throughout the Group.</p> <p>In order to ensure orderly and effective discharge of the Board's function and responsibilities, the Board has in place an internal governance model for the Group where specific powers of the Board are delegated to the relevant Board Committees, namely the Audit, Nomination, Remuneration and Investment to oversee the Company's affairs, in accordance with their respective Terms of Reference. All matters deliberated in the Board Committees are required to be reported to the Board for endorsement and/or approval. As such, the direction and control of the Group is held firmly within the Board.</p> <p>The Board delegates matters such as the Group's day-to-day management and operations to the Executive Directors and Senior Management. Such delegations are subject to approved authority limits. The Executive Directors with the assistance of Senior Management formulates operation plans and oversees the execution of these plans. Board's approval is required for any decision which exceeds the approved authority limits granted to the Management.</p> <p>The Board together with Senior Management have established various policies and procedures which provide guidance for proper standards of conduct and sound and prudent practices to be carried out or performed in the respective areas and circumstances in order to</p>

propagate and preserve the core values of the Group and to further promote good corporate governance culture within the Group. These values are disseminated to employees and continuously reinforced throughout their tenure with the Group. These policies and procedures are periodically reviewed to ensure it is relevant and effective.

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Group, the Board deliberated, reviewed and approved the business proposals and strategic initiatives proposed by the Executive Directors and/or key senior management. The Board monitored the implementation of the strategic initiatives regularly, through reporting updates by the Executive Directors and/or senior management, to ensure that the Group is aligned with its objectives set.

The principal responsibilities of the Executive Directors and Senior Management are as follows:-

- a) Developing, co-ordinating and implementing business and corporate strategies;
- b) Implementing the policies and decisions of the Board;
- c) Overseeing the day-to-day operations of the Group; and
- d) To participate the various management committees or working committees for the effective discharge of duties and functions.

The Senior Management assisted the Executive Directors by preparing important matters such as strategy and actions plan as well as putting them into practice.

The Board reviewed and deliberated the financial results and detailed information relating to the running of the Group's operations presented by the Senior Management at Board meetings held during the financial period. The Board scrutinised the management proposals taking into consideration the long term business and finance of the Group. In Board meetings, the Board was updated on the progress of the approved management proposals. The Board was updated and/or informed on any material progress that required Board's immediate attention through electronic means.

The Board reviews overall performance of the management from time to time and provides leadership within a framework of prudent and effective controls which enable risks to be appropriately assessed and managed.

Through the Risk Management Committee, the Board oversees the risk management framework of the Group. The Risk Management Committee advises the Board on areas of high risk and the adequacy of compliance and control procedures throughout the Group. There is an on-going process in place for the Risk Management Committee to identify, evaluate, monitor and manage the significant risks in the Group's business and business environment to enable the Group to achieve its business and corporate objectives in the best possible way.

	<p>Identified risks are assessed and prioritised according to their likelihood and their potential impact on the Group’s operations and financial performance. The processes, findings and actions taken by the management are regularly reviewed by the Board. The Board’s responsibilities for the Group’s system of internal controls cover not only financial aspects of the business but also organisational, operational, regulatory compliance as well as risk management matters. Details pertaining to the Company’s internal control system and the review of its effectiveness are set out in the Statement on Risk Management and Internal Control in the Annual Report 2019.</p> <p>The Board is assisted by the Nomination Committee with the responsibility on the matter in relation to the succession planning of Directors and Senior Management in order to maintain an appropriate balance of skills on the Board and to ensure continuity of the operations and management of the Group.</p> <p>The Board values the dialogue with shareholders and appreciates the keen interest shown by shareholders on the Group’s performance. The Board adopted a shareholder communication policy, which sets out the standards and the requirements of the Company in relation to communicating with its shareholders.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>		
<p><b>Timeframe</b></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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The roles and responsibilities of the Chairman of the Board have been specified in the Board Charter, which is available on the Company's website at <a href="http://www.ta-win.com">www.ta-win.com</a>.</p> <p>Dato' Yeo Boon Leong, JP, the Chairman of the Board is responsible for the leadership, effectiveness, conduct and governance of the Board. He:</p> <ul style="list-style-type: none"> <li>a) provides leadership for the Board so that the Board can perform its responsibilities effectively;</li> <li>b) in consultation with management and the company secretary, sets out the Board agenda for each Board meeting;</li> <li>c) manages the interface between the Board and management and facilitates the flow of information between the management and the Board and ensures that the Board members receive complete and accurate information in a timely manner;</li> <li>d) leads the Board meetings and discussions;</li> <li>e) encourages active participation and allows dissenting views to be freely expressed;</li> <li>f) chairs the Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") of the Company;</li> <li>g) leads the Board in establishing and monitoring good corporate governance practices in the Company; and</li> <li>h) ensures appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The position of Chairman and CEO are distinct and separate. This segregation ensures there is a balance of power and authority so that no one individual can influence or dominate the Board's decision.</p> <p>The Chairman is responsible for the achievement of the Group's strategic vision and also for leading the Board in its collective oversight of management, while CEO focuses on the business and day-to-day management of the Group and the implementation of the Board's decisions and policies.</p> <p>Currently, the Group is without a CEO. However, the Executive Directors collectively have assumed the role of CEO.</p> <p>Appointment of CEO will be made when a suitable candidate is identified.</p> <p>The Executive Directors are responsible to the Board for the overall management and profit performance of the Group, including day to day operation and administration within the framework of the Group's policies, reserved powers and routine reporting requirements. Executive Directors may delegate aspects of their authority and power but remains accountable to the Board for the Group's performance.</p> <p>The respective duties and responsibilities of the Chairman and the CEO are contained in the Board Charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Ms. Teo Soon Mei and Ms. Chua Siew Yin resigned as Company Secretaries of the Company on 23 February 2018 and Mr. Ho Meng Chan and Ms. Wu Siew Hong were appointed as the Company Secretaries of the Company in place thereof. All of them are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. Ms. Teo, Ms Chua and Ms. Wu are Associate member of the Malaysian Association of Institute of Chartered Secretaries and Administrators and Mr. Ho is a member of Malaysian Association of Companies Secretaries.</p> <p>The Company Secretaries support the Board and the relevant Committees to ensure the effective functioning in accordance with their TOR and best practices, and in managing the corporate governance framework of the Company. The Companies Secretaries also advise Directors on their fiduciary and statutory duties, as well as compliances with the Companies Act 2016, the MMLR, the Company's Memorandum and Articles of Association (Constitution), the Malaysian Code on Corporate Governance ("the Code"), Board adopted policies, and other pertinent regulations governing the Company, including guiding the Board towards the necessary compliances.</p> <p>The Company Secretaries, whether alone or jointly, attended the Board and Board Committee Meetings held during financial period ended 30 June 2019 and ensured that the meetings were properly convened and that accurate and adequate records of the proceedings of meetings and decisions made were properly kept. The Company Secretaries highlighted or brought attention to the Board on the matters that require follow-up and update from the management. The Company Secretaries also worked closely with the management to ensure timely flow of information to the Board.</p> <p>The Board is also updated on the Directors' and Principal Officers' dealings pursuant to Chapter 14 of MMLR at every ordinary Board meeting during the financial period ended 30 June 2019, if any.</p> <p>The Company Secretaries attended the Twenty Fourth AGM and EGMs held during the financial period ended 30 June 2019 and managed the processes of the meetings and ensured orderly proceeding, including the conduct of the poll taken on all resolutions tabled at the meetings.</p>

	<p>During financial period ended 30 June 2019, the Company Secretaries have attended relevant training and professional development programmes in order to up skill themselves and keep abreast with the latest development in the relevant regulations.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></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 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Directors have the right to access all information pertaining to the Group for the purpose of discharging their duties. The Directors may interact directly with the Management, or request further explanation, information or updates on any aspect of the Company's operation or business concerns.</p> <p>Every Director has unhindered access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board. In addition, the Directors may seek independent professional advice at the Company's expense, as they individually or collectively consider necessary, to fulfil their responsibilities and permit independent judgment in decision making.</p> <p>For the financial period ended 30 June 2019, notice of ordinary meetings are sent to the Directors at least five (5) business days in advance. A set of Board papers on the matters to be deliberated are made available to Directors prior to each Board Meeting to enable the Directors to obtain further explanations. The Board strives to circulate the meeting papers at least five (5) business days in advance of the meeting day moving forward.</p> <p>Key management staff and external advisers are invited to attend Board or Board Committees Meetings to provide additional insights and professional opinion and clarification on specific agenda items. At the Board Meetings, respective Chairman of the Board Committees will report, advise and recommend to the Board, salient views and conclusions of their respective agendas. Minutes of the Board Committees are circulated for the Board's information.</p> <p>The deliberations and conclusions of issues discussed in the Board and Committees meetings are well documented in the minutes including matters where Directors abstained from voting. The decision made at the Board meetings are also communicated to Management on a timely manner to ensure appropriate execution. The Company Secretaries will also follow up on the status of actions taken with reference to the previous minutes of meeting for updating the Board. On going issues/items would stay as matters arising in the minutes of meeting until they are resolved. Minutes of each Board meeting are circulated to all Directors in advance for their perusal prior to confirmation of</p>

	these minutes at the commencement of the Board Meeting. The Directors are allowed to make comments before the minutes are tabled for confirmation as a correct record of the proceedings.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board Charter which clearly sets out the roles, composition, responsibilities, operations and processes of the Board, is made available on the Company's website at <a href="http://www.ta-win.com">www.ta-win.com</a>.</p> <p>The Board Charter is to ensure that all Board members are acting in the interest of the Company and are aware that their duties and responsibilities are towards the best interest of the Group. It serves as a reference and primary induction literature providing insights to prospective Board members and senior management. In addition, it would assist the Board in the assessment of its own performance and that of its individual Directors.</p> <p>Its also outlines the matters and decisions reserved for the Board. Key matters of the Company reserved for the Board's approval include:-</p> <ol style="list-style-type: none"><li>(1) Approval of major corporate plans, policies and programmes;</li><li>(2) Approval of major capital commitments;</li><li>(3) Approval of new ventures;</li><li>(4) Approval of material acquisitions and disposals of undertakings and properties;</li><li>(5) Changes to the management and control structure within the Company and its subsidiaries ("the Group"), including key policies, delegated authority limits;</li><li>(6) Appointment and removal of Director;</li><li>(7) Establishment of Board Committees;</li><li>(8) Appointment and removal of Secretary;</li><li>(9) Directors' fee for Non-Executive Director; and</li><li>(10) Executive Directors' Remuneration packages.</li></ol> <p>Any subsequent amendment to the Board Charter can only be approved by the Board. The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.</p>

	<p>On 29 November 2018, the Board reviewed its Board Charter and acknowledged that necessary updates on the Board Charter are required in order to be in line with the practices recommended by the Code and the changes in the Board's composition. On 27 February 2019, the Board approved the amendments made to the Board Charter. The Board Charter is available at the Company's website at <a href="http://www.ta-win.com">www.ta-win.com</a>.</p> <p>The Terms of References of Board Committees, namely the Audit, Nomination and Remuneration and Investment are published on the Company's website. These Terms of References are reviewed as and when the need arises. On 29 November 2018, the Board reviewed the said Terms of References and thereafter on 27 February 2019, approved the amendments made to the said Terms of References.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group is committed to provide a safe, supportive and productive work environment. The Group has in place a Code of Conduct and Ethics which sets out the rules or standard for all who participating in the Group and represent themselves outside the Group. The aims are to ensure that all employees, officers and Directors conduct business honesty and ethically. This help the Company maintain a reputation for honesty, fairness, respect, responsibility, integrity and trust. Principles for short terms advantages are not compromised and the Group strives to adhere to high standards of integrity at all time.</p> <p>The Code of Conduct and Ethics covers amongst others, all aspect affecting the business operations such as standards of conduct, conflicts of interest, other business opportunity, bribes, gifts, gratuities, hospitality, confidentiality and sensitive information, insider dealing, accuracy of information, compliance with laws &amp; regulations, health &amp; safety, protection of assets, corruption and money laundering.</p> <p>The employees are made aware that relevant disciplinary actions will be taken for unethical behaviour and gross misconduct that is in contravention with the ethos of the said Code of Conduct and Ethics. Heads of Departments play an important role to oversee the culture of the Group to ensure it engenders ethical conduct.</p> <p>The Board reviews the Code of Conduct and Ethics to ensure that it continues to remain relevant and appropriate. On 27 February 2019, the Board reviewed and approved the amendments to the Code of Conduct and Ethics.</p> <p>The Code of Conduct and Ethics is accessible on the Company's website at <a href="http://www.ta-win.com">www.ta-win.com</a>.</p>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has in place a Whistle Blowing Policy to provide an avenue for all employees of the Group and members of the public to voice their grievances and raise concerns through an established channel without fear of reprisal of any improper conduct and irregularities such as :-</p> <ol style="list-style-type: none"> <li>1. unethical behaviour</li> <li>2. malpractices</li> <li>3. fraud and corruption</li> <li>4. abuse of power</li> <li>5. conflict of interest</li> <li>6. illegal acts</li> <li>7. failure to comply with any regulatory requirements</li> <li>8. damage to environment</li> <li>9. misuse of company' property or funds</li> <li>10. the breach of a legal obligation (including negligence, criminal activity, breach of contract and breach of law)</li> <li>11. the miscarriage of justice</li> <li>12. the danger to health and safety; or to the environment</li> <li>13. the cover-up of any of the above in the workplace-unethical behaviour</li> </ol> <p>The policy also set out the steps the Company will take in respect of the report received from the employees and members of the public with the strict enforcement of this policy. It will reduce the risk to the Group's reputation from fraudulent acts.</p> <p>Whistle blower who has concerns about unethical behavior, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place/ has taken place/ may take place in the future, is encouraged to make disclosure through the following channels:-</p> <p>a) It is advisable that any concern shall be raised with the immediate superior. However, if it is believed that it is not possible, then the</p>

	<p>concern should be reported to Chief Operating Officer which is as follow:  Attention : Chief Operating Officer  Name : Stan Zabolotsky  Email : z-stan@ta-win.com  Telephone : +60196690960  Ta Win Holdings Berhad  26-12, Q Sentral, Jalan Stesen Sentral 2  50470 Kuala Lumpur, Malaysia  Mail : Mark 'Strictly Confidential'</p> <p>b) In the case where reporting to management is not possible, the concern should be addressed to the following:</p> <p>Attention : Chairman of Audit Committee  Name : Dato Paduka Dr. Thomas Hii King Hiong  Email : hiih@hotmail.com  Ta Win Holdings Berhad  26-12, Q Sentral, Jalan Stesen Sentral 2  50470 Kuala Lumpur, Malaysia  Mail : Mark ' Strictly Confidential'</p> <p>Any reports received shall be investigated promptly by the investigating officer. The matters and the results of the investigation shall be reported to the Audit Committee from time to time as it progresses.</p> <p>The Board together with Senior Management review the Whistle Blowing Policy periodically to ensure that it continues to remain appropriate and effective.</p> <p>On 27 February 2019, the Board reviewed and approved the amendments made to the Whistle Blowing Policy.</p> <p>The Whistle Blowing Policy is available on the Company's website at <a href="http://www.ta-win.com">www.ta-win.com</a>.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Applied												
<b>Explanation on application of the practice</b>	:	<p>On 22 February 2018, two (2) new Directors were appointed. Dato' Paduka Dr. Thomas Hii King Hiong and Datin Azreen Binti Abu Noh were appointed as the Independent Non-Executive Directors of the Company while Mr. Huang, Ching-Fan and Mr. Wu, Ying-Ju resigned as the Independent Non-Executive Directors of the Company.</p> <p>On 23 February 2018, Dr. Aliyah Binti Dato' Hj. Baharuddin Marji resigned as Independent Non-Executive Director.</p> <p>On 2 April 2018, Dato' Chin Swee Chong resigned as the Non-Independent Executive Director of the Company.</p> <p>On 20 April 2018, Mr. Tan Poo Chuan re-designated as Non-Independent Executive Director of the Company.</p> <p>On 3 May 2018, En. Mohd Khasan Bin Ahmad resigned as the Independent Non-Executive Director of the Company.</p> <p>On 29 June 2018, Mr. Lai Kian Huat retired as the Independent Non-Executive Director while Mr. Chen, Hung-Lin resigned as the Managing Director of the Company.</p> <p>On 2 August 2018, Mr. Yao Kee Boon was appointed as Independent Non-Executive Director of the Company.</p> <p>On 14 August 2018, Mr. Chen Hsi-Tao resigned as Deputy Chairman and Non-Independent Non-Executive Director of the Company.</p> <p>On 9 November 2018, Dato' Sri Ngu Tieng Ung, JP was appointed as the Non-Independent Executive Director of the Company.</p> <p>As such, the number of Independent Directors at the beginning and at the end of financial period ended 30 June 2019 are as follows:-</p> <table border="1"><thead><tr><th></th><th>1.1.2018</th><th>30.6.2019</th></tr></thead><tbody><tr><td>Number of independent Directors</td><td>5</td><td>3</td></tr><tr><td>Number of Board Members exclude Alternate Directors</td><td>10</td><td>6</td></tr><tr><td>Percentage of Independent Director</td><td>50%</td><td>50%</td></tr></tbody></table>		1.1.2018	30.6.2019	Number of independent Directors	5	3	Number of Board Members exclude Alternate Directors	10	6	Percentage of Independent Director	50%	50%
	1.1.2018	30.6.2019												
Number of independent Directors	5	3												
Number of Board Members exclude Alternate Directors	10	6												
Percentage of Independent Director	50%	50%												

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

**Intended Outcome**

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

**Practice 4.2**

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

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

<b>Application</b>	:	Not applicable - No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:	No Independent Director is currently serving beyond nine (9) years.  However, if the Board intends to retain an independent director beyond nine (9) years and twelve (12) years, it will justify and seek annual shareholders approval appropriately.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at the Board and Senior Management.</p> <p>Having a range of diverse dimensions brings different perspectives to the boardroom and to various levels of Management within the Group.</p> <p>The Nomination Committee is responsible to identify and select potential new candidate(s) and to make recommendations to the Board for the appointment of Director(s).</p> <p>In respect of the appointment of Directors, the Company practices a clear and transparent nomination process which involves the following:-</p> <ul style="list-style-type: none"><li>a) Identification of candidates</li><li>b) Evaluating suitability of candidates</li><li>c) Discussion with the candidates on the proposed appointment</li><li>d) Deliberation by the Nomination Committee</li><li>e) Recommendation to the Board</li></ul> <p>In the process of selecting and evaluating candidates for the Board, the Nomination Committee has adopted the following selection criteria for new appointment of Director(s) in order to ensure that the Board has the right mix of skill to meet its objectives:-</p> <ul style="list-style-type: none"><li>-Character</li><li>-Qualification</li><li>-Experience</li><li>-integrity</li><li>-Competence</li><li>-Time to effectively discharge his role</li><li>-Directorships</li><li>-Expertise, skills and knowledge</li><li>-Independent status</li><li>-Professionalism</li><li>-Related party and disclosure of interest</li><li>-Any other factors which may affect the judgement of the candidate to act in the best interest of the Company</li></ul>

	<p>During the financial period ended 30 June 2019, the Nomination Committee met, and upon deliberation agreed to recommend to the Board on the appointment of Dato' Paduka Dr. Thomas Hii King Hiong, Datin Azreen Binti Abu Noh and Dato' Sri Ngu Tieng Ung, JP as Directors of the Company based on the set of criteria mentioned above. The Nomination Committee also examined the implication to the Board composition and the compliance status on the relevant Practices of the Code.</p> <p>The Executive Directors are responsible for selection and appointment of candidates for Senior Management position based on selection criteria which best matches the requirements of the open position.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	<p>:</p>

## Intended Outcome

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

## Practice 4.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is judicious of the gender diversity recommendation promoted by the Code in order to offer greater depth and breadth for discussions and constructive debates in senior management level.</p> <p>The Board has in year 2015, set its target to obtain 25% woman in the Board. In view of the changes in Board composition during the financial period ended 30 June 2019, the female representation has been increased from 10% to 17% as at 30 June 2019 as compared to the female representation at the end of the last financial year ended 31 December 2017.</p> <p>In the process of selecting and evaluating candidates for the Board, the Nomination Committee has taken into consideration the overall composition of the Board and the combination skills of existing Directors as well as diversity in terms of gender, age and ethnicity. The ultimate goal is to ensure that the Board as a whole has the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.</p> <p>Appointment of additional women to the Board in order to meet the target will be made when a suitable candidate who can add value to the Board is identified.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has in place its procedures and criteria for appointment of new directors. Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Directors, management, major shareholders or external parties including the Company's contacts in related industries. All candidates for appointment are first considered by the Nomination Committee. The final decision of the appointment of new Directors remains the responsibility of the full Board after considering the recommendations of the Nomination Committee. The Company practices a clear and transparent nomination process which involves the following:-</p> <ul style="list-style-type: none"><li>a) Identification of candidates;</li><li>b) Evaluating suitability of candidates;</li><li>c) Discussion with the candidates on the proposed appointment;</li><li>d) Deliberation by the Nomination Committee; and</li><li>e) Recommendation to the Board</li></ul> <p>The Nomination Committee reviews candidates for appointment as Directors based on the following established criteria :-</p> <p>Character</p> <ul style="list-style-type: none"><li>-Qualification</li><li>-Experience</li><li>-integrity</li><li>-Competence</li><li>-Time to effectively discharge his role</li><li>-Directorships</li><li>-Expertise, skills and knowledge</li><li>-Independent status</li><li>-Professionalism</li><li>-Related party and disclosure of interest</li><li>-Any other factors which may affect the judgement of the candidate to act in the best interest of the Company</li></ul> <p>In the process of selecting and evaluating candidates for the Board, the Nomination Committee also takes into consideration the overall composition of the Board and the combination skills of existing Directors as well as diversity in terms of gender, age and ethnicity. The ultimate goal is to ensure that the Board as a whole has the appropriate balance of skills, experience, independence and knowledge of the</p>

	<p>Company to enable them to discharge their respective duties and responsibilities effectively.</p> <p>In identifying the suitable candidate to fill the casual vacancy arising from the resignation of En. Mohd Khasan Bin Ahmad, the Board entrusted Dato' Yeo Boon Leong, JP to shortlist the candidate for the Board to evaluate and further endorse the new appointment as the resignation of En. Mohd Khasan Bin Ahmad has resulted one member remaining in Nomination Committee.</p> <p>Mr. Yao Kee Boon was shortlisted among the candidates from the recommendations of the existing Board and referrals from external sources. Upon evaluating the suitability of Mr. Yao, Dato' Yeo Boon Leong, JP nominated that Mr. Yao Kee Boon be appointed as Independent Non-Executive Director. After reviewing the curriculum vitae of Mr. Yao Kee Boon, the Form of Section 201 of Companies Act 2016, the "Checklist of Independent Director" and "Financial Literacy Questionnaire" completed and signed by Mr. Yao Kee Boon and examination of the implication of the Board's overall composition and the combination skills of existing Directors as well as diversity in terms of gender, age and ethnicity, the compliance status on the relevant Practice as set out in the Code, the Board approved the appointment of Mr. Yao Kee Boon as Independent Non-Executive Director of the Company.</p> <p>The appointment of Dato' Paduka Dr. Thomas Hii King Hiong and Datin Azreen Binti Abu Noh as Directors of the Company on 22 February 2018, were nominated by Mr. Lai Kian Huat with the intention to infuse "new blood" into the Board coupled with to increase the presence of the Independent Non-Executive Director and women representation in the Company's Board composition. Both of them possess vast experience in the respective professional i.e. legal professional and Chartered Accountant and hold various senior positions in the organization.</p> <p>Dato' Sri Ngu Tieng Ung, JP, the Finance Director of Ta Win Industries (M) Sdn. Bhd. was appointed as the Executive Director of the Company on 9 November 2018. Dato' Sri Ngu was nominated by Mr. Tan Poo Chuan, the Executive Director the Company in view of the Company having only one Executive Director following the resignation of Mr. Chen, Hung-Lin as the Managing Director of the Company.</p>
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

### Intended Outcome

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

### Practice 4.7

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

<b>Application</b>	:	Applied																								
<b>Explanation on application of the practice</b>	:	<p>Presently, the Nomination Committee is chaired by Mr. Yao Kee Boon in place of En. Mohd Khasan Bin Ahmad, who resigned as Director of the Company on 3 May 2018.</p> <p>The members of Nomination Committee are made up entirely of Independent Non-Executive Directors, whose present membership is:-</p> <ol style="list-style-type: none"><li>1. Mr. Yao Kee Boon (Chairman, Independent Non-Executive Director)</li><li>2. Datin Azreen Binti Abu Noh (Independent Non-Executive Director)</li></ol> <p>The changes in composition of Remuneration Committee during the financial period ended 30 June 2019 are as follows:-</p> <table border="1"><thead><tr><th>Date</th><th>Name</th><th>Appointment/ Cessation</th></tr></thead><tbody><tr><td>22.2.2018</td><td>Dr. Aliyah Binti Dato' Hj. Baharuddin Marji <i>(Independent Non-Executive Director)</i></td><td>Stood down as member of Nomination Committee</td></tr><tr><td>22.2.2018</td><td>Wu, Ying-Ju <i>(Independent Non-Executive Director)</i></td><td>Ceased as member of Nomination Committee</td></tr><tr><td>22.2.2018</td><td>Tan Poo Chuan <i>(Non-Independent Non-Executive Director)</i></td><td>Appointed as member of Nomination Committee</td></tr><tr><td>22.2.2018</td><td>Datin Azreen Binti Abu Noh <i>(Independent Non-Executive Director)</i></td><td>Appointed as member of Nomination Committee</td></tr><tr><td>20.4.2018</td><td>Tan Poo Chuan <i>(Non-Independent Executive Director)</i></td><td>Ceased as member of Nomination Committee</td></tr><tr><td>3.5.2018</td><td>Mohd Khasan Bin Ahmad <i>(Independent Non-Executive Director)</i></td><td>Ceased as member of Nomination Committee</td></tr><tr><td>2.8.2018</td><td>Yao Kee Boon <i>(Independent Non-Executive Director)</i></td><td>Appointed as member of Nomination Committee</td></tr></tbody></table>	Date	Name	Appointment/ Cessation	22.2.2018	Dr. Aliyah Binti Dato' Hj. Baharuddin Marji <i>(Independent Non-Executive Director)</i>	Stood down as member of Nomination Committee	22.2.2018	Wu, Ying-Ju <i>(Independent Non-Executive Director)</i>	Ceased as member of Nomination Committee	22.2.2018	Tan Poo Chuan <i>(Non-Independent Non-Executive Director)</i>	Appointed as member of Nomination Committee	22.2.2018	Datin Azreen Binti Abu Noh <i>(Independent Non-Executive Director)</i>	Appointed as member of Nomination Committee	20.4.2018	Tan Poo Chuan <i>(Non-Independent Executive Director)</i>	Ceased as member of Nomination Committee	3.5.2018	Mohd Khasan Bin Ahmad <i>(Independent Non-Executive Director)</i>	Ceased as member of Nomination Committee	2.8.2018	Yao Kee Boon <i>(Independent Non-Executive Director)</i>	Appointed as member of Nomination Committee
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	<p>The chairman had led the annual review of Board effectiveness and ensured that the performance of each individual Director is independently assessed and will lead the succession planning and appointment of future Board members.</p> <p>The Terms of Reference of the Nomination Committee is available on the Company's website at <a href="http://www.ta-win.com">www.ta-win.com</a>.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a formal and objective annual evaluation of the Board, Board Committees and Directors' performance.</p> <p>The Company Secretaries assisted in the preparation of documents and facilitation the annual evaluation.</p> <p>The evaluation process was led by Chairman of the Nomination Committee ("NC") with the assistance of the Company Secretaries. Each Director participated in the evaluation by answering a set of questionnaire.</p> <p>The evaluation process was based on self and peer assessments whereby the Directors assessed each other and themselves, the Board as whole and the performance of each Board Committee. The results of all assessments and comments were collated and summarised by the Company Secretaries and were deliberated at the NC meeting and thereafter the NC's Chairman reported the results and its deliberation to the Board.</p> <p>During the financial period ended 30 June 2019, the NC met thrice and carried out the following mentioned activities, in accordance with its Terms of reference and in compliance with MMLR:-</p> <ul style="list-style-type: none"><li>a) assessed and recommended the appointment of Directors to the Board and Board Committees.</li><li>b) assessed the size and composition of the Board, board balance and contribution of each Director and the effective of the Board Committees.</li><li>c) assessed the independence of each Independent Director by taking into their self-assessments/declarations and based on the guidelines as set out in the MMLR and other criteria such as, tenure, relationship between the Independent Directors and the Company and their involvement in any significant transaction with the Company.</li></ul>

	<p>d) deliberated on the re-election of the affected Directors retiring pursuant to the Company's Articles of Association before making recommendations to the Board for its consideration.</p> <p>e) conducted an evaluation and assessment of the compliance status of the Company in respect of the Code.</p> <p>f) assessed the training needs for Directors.</p> <p>g) reviewed the succession planning programme.</p> <p>The Board's performance and effectiveness were assessed in the areas of size, composition, mix of skills, principal responsibilities of the Board, the Board's meeting process, administration and conduct, interaction and communication with the Management and the Board's engagement, as well as the effectiveness of the Chairman.</p> <p>The assessment of individual Directors' contribution and performance is conducted based on performance criteria which are incorporated in the Directors'/key officer' evaluation form which include competency, knowledge, integrity, due diligence, character, independence and objectivity, accountability, time commitment, contribution to interaction, ability to critically challenge and ask the right questions and confidence to stand up for their point of view.</p> <p>The Board Committees' performance and effectiveness were assessed in the area of composition, processes, accountabilities and responsibilities and their contribution as well as the effectiveness of the Chairman of the respective Board Committees.</p> <p>Based on the assessment held on 29 May 2019, the following concluded: -</p> <p>a) The NC was satisfied with the annual assessment on independence status of the Independent Directors of the Company and all AC members are financially literate</p> <p>b) The NC was satisfied with the board make-up and adequacy</p> <p>c) The NC was satisfied with the board balance and the size of Independent Directors participation</p> <p>d) The NC was of the opinion that the Directors of the Company possessed the required mix skills, experience, character, integrity, competence and time to effectively discharge their roles as the Directors of the Company</p> <p>e) The NC was satisfied with the performance of the Board as a whole</p> <p>f) The NC was satisfied with the composition and the performance of the Board Committees, namely Audit, Remuneration and Nomination</p> <p>g) The NC was satisfied that the succession plans are in place and further encourage workforce diversity in succession planning programme for key management staff</p> <p>h) The NC authorised the management to arrange relevant training for Directors, perhaps may conduct in house training for the employees and Directors in order to further enhance their</p>
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	<p>knowledge and to keep abreast with the latest development in the industry as well as to keep abreast with the ever changing regulatory and compliance matters. The NC recommended that each Director shall at least attend one relevant training /course each year</p> <p>i) The NC recommended the re-election of the following Directors in accordance to the provisions of the Company's Articles of Association at the forthcoming Twenty Fourth AGM of the Company:-</p> <p>a) Mr. Yao Kee Boon (Article 98)</p> <p>b) Dato' Sri Ngu Tieng Ung, JP (Article 98)</p> <p>c) Dato' Yeo Boon Leong, JP (Article 92)</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

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

### Practice 6.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has in place a set of policies and procedures for remuneration of Directors and Senior Management. The objective of Remuneration Policy of the Company is to attract, retain and motivate Directors and Senior Management of the quality required to manage the business of the Group. The remuneration of Executive Directors and Senior Management comprises basic salary, allowances, bonuses and other customary benefits as appropriate. In the case of the Non-Executive Directors, a basic fee as ordinary remuneration and meeting allowances will be paid.</p> <p>The Executive Directors play no part in deciding their own remuneration. It is the ultimate responsibility of the Board to approve the remuneration package of Executive Directors. The Directors' Fee payable and other benefits payable to Directors are subject to the members' approval at the AGM in accordance with Section 230(1) of the Companies Act 2016.</p> <p>On 27 February 2019, the Board reviewed and adopted the new Remuneration Policy and Procedures for Directors and Senior Management to ensure it is relevant and appropriate in the current structure of the Group. The Remuneration Policy and Procedures for Directors and Senior Management is available on the Company's website at <a href="http://www.ta-win.com">www.ta-win.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied									
<b>Explanation on application of the practice</b>	:	<p>A Remuneration Committee was established by the Board comprising of Non-Executive Directors, a majority of whom are Independent Directors.</p> <p>The present membership of Remuneration Committee is as follows:-</p> <ol style="list-style-type: none"><li>1. Datin Azreen Binti Abu Noh (Chairman, Independent Non-Executive Director)</li><li>2. Dato' Paduka Dr. Thomas Hii King Hiong (Independent Non-Executive Director)</li><li>3. Dato' Yeo Boon Leong, JP (Non-Independent Non-Executive Director)</li></ol> <p>The changes in composition of Remuneration Committee during the financial period ended 30 June 2019 are as follows:-</p> <table border="1"><thead><tr><th>Date</th><th>Name</th><th>Appointment/ Cessation</th></tr></thead><tbody><tr><td>22.2.2018</td><td>Dr. Aliyah Binti Dato' Hj. Baharuddin Marji <i>(Independent Non-Executive Director)</i></td><td>Stood down as member of Remuneration Committee</td></tr><tr><td>22.2.2018</td><td>Mohd Khasan Bin Ahmad <i>(Independent Non-Executive Director)</i></td><td>Relinquished as Chairman and remained as member of Remuneration Committee</td></tr></tbody></table>	Date	Name	Appointment/ Cessation	22.2.2018	Dr. Aliyah Binti Dato' Hj. Baharuddin Marji <i>(Independent Non-Executive Director)</i>	Stood down as member of Remuneration Committee	22.2.2018	Mohd Khasan Bin Ahmad <i>(Independent Non-Executive Director)</i>	Relinquished as Chairman and remained as member of Remuneration Committee
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	22.2.2018	Chen, Tsi-Tao <i>(Non-Independent Non-Executive Director)</i>	Stood down as member of Remuneration Committee
	22.2.2018	Datin Azreen Binti Abu Noh <i>(Independent Non-Executive Director)</i>	Appointed as Chairman of Remuneration Committee
	22.2.2018	Dato' Yeo Boon Leong, JP <i>(Non-Independent Non-Executive Director)</i>	Appointed as member of Remuneration Committee
	3.5.2018	Mohd Khasan Bin Ahmad <i>(Independent Non-Executive Director)</i>	Ceased as member of Remuneration Committee
	2.8.2018	Dato' Paduka Dr. Thomas Hii King Hiong <i>(Independent Non-Executive Director)</i>	Appointed as member of Remuneration Committee
<p>Remuneration Committee's primary responsibilities include establishing, reviewing and recommending to the Board the remuneration packages of each individual Executive Director and Senior Management to ensure that their remuneration is commensurate with that of their responsibilities and commitment.</p> <p>The Chairman of the Committee may request for a meeting as and when deemed necessary. The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendation of the Committee.</p> <p>The TOR of the Remuneration Committee is available on the Company's website at <a href="http://www.ta-win.com">www.ta-win.com</a>.</p>			
<b>Explanation for departure</b>	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 7.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The detailed disclosure on named basis for the remuneration of individual Directors are set out in pages 38 & 39 of the Annual Report 2019.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 7.2

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

<b>Application</b>	:	Departure												
<b>Explanation on application of the practice</b>	:													
<b>Explanation for departure</b>	:	<p>The Board is of the opinion that the disclosure of the Senior Management Personnel names and the various remuneration component (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and sensitivity of each remuneration package.</p> <p>The Board also believes that the non-disclosure of the said information will not affect the interest of its shareholders.</p> <p>As an alternative to the recommended practice, the Board has disclosed the remuneration of its top five (5) Senior Management Personnel in the band of RM50,000.</p> <p>The top five (5) Senior Management's remuneration for the financial period ended 30 June 2019 is as follows :-</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Range of Remuneration (RM)</th> <th style="text-align: center;">Top Five Senior Management</th> </tr> </thead> <tbody> <tr> <td>250,000-500,000</td> <td style="text-align: center;">1</td> </tr> <tr> <td>200,000-250,000</td> <td style="text-align: center;">1</td> </tr> <tr> <td>150,000-200,000</td> <td style="text-align: center;">2</td> </tr> <tr> <td>100,000-150,000</td> <td style="text-align: center;">1</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: center;"><b>5</b></td> </tr> </tbody> </table>	Range of Remuneration (RM)	Top Five Senior Management	250,000-500,000	1	200,000-250,000	1	150,000-200,000	2	100,000-150,000	1	<b>Total</b>	<b>5</b>
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<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>														
<b>Measure</b>	:													
<b>Timeframe</b>	:													

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The present Chairman of the Audit Committee is Dato' Paduka Dr. Thomas Hii King Hiong. He was re-designated as Chairman of Audit Committee on 2 August 2018. The former Chairman of Audit Committee was En. Mohd Khasan Bin Ahmad, who resigned as Director on 3 May 2018. The Chairman of the Board is Dato' Yeo Boon Leong, JP.</p> <p>Having the positions of Board Chairman and Audit Committee Chairman assumed by different individuals allows the Board to objectively review the Audit Committee's findings and recommendations.</p> <p>The Chairman of the Audit Committee is responsible to ensure the overall effectiveness and independence of the Audit Committee. The roles and responsibilities of the Committee as well as the rights are set out in the Terms of Reference of Audit Committee, which is published on the Company's website.</p> <p>Both former and present Chairman of the Audit Committee, En. Mohd Khasan Bin Ahmad and Dato' Paduka Dr. Thomas Hii King Hiong are members of Malaysian Institute of Accountants (MIA). Both of them possess sound financial understanding and their experience equip them with the ability to lead discussions and deliberations, ultimately achieving satisfactory results for the Audit Committee as a whole.</p> <p>Details of activities carried out by the Audit Committee during the financial period ended 30 June 2019 are set out in the Audit Committee Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Time</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee comprises of three (3) Independent Non-Executive Directors. Currently, none of the Audit Committee is a former key audit partner of the Company's External Auditors.</p> <p>As a measure to safeguard the independence and objectivity of the audit process, the Company has on 27 February 2019, incorporated a policy stipulation that governs the appointment of a former key audit partner to the Audit Committee.</p> <p>The policy, which is codified in the Audit Committee's Terms of Reference, requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as member of Audit Committee.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The policies and procedures to assess the suitability, objectivity and independence of the External Auditors are in place.</p> <p>To maintain a transparent and formal relationship with the Company's External Auditors, the Audit Committee reviews the appointment, performance, independence of the External Auditors annually in accordance to the established policies and procedures of the Company. The Company's policies and procedures to assess the suitability, objectivity and independence of external auditors will be reviewed from time to time to ensure that it continues to remain relevant and appropriate. On 29 November 2018, the Audit Committee and the Board reviewed the said policies and procedures and thereafter on 27 February 2019, the Board reviewed and adopted the new policies and procedures upon recommendation of the Audit Committee.</p> <p>In evaluation on the suitability and effectiveness of External Auditors, the Audit Committee reviewed the overall comprehensive external audit plan, the audit approaches, the timelines and quality of deliverables and the competency, capability and adequacy of the resources to achieve the scope outlined in the audit plan.</p> <p>The Audit Committee reviewed and assessed the independence of the External Auditors, including but not limited to any relationships with the Company or any other person or entity that may impair or compromise, or appear to impair or compromise, the External Auditors' independence. Messrs Ecovis Malaysia PLT (LLP 0003185 &amp; AF 001825)("Ecovis") has in its presentations highlighted that Ecovis are independent of the Group in accordance with their policies and the provisions of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and Ecovis has complied with the relevant ethical requirements regarding professional independence.</p> <p>The Audit Committee was satisfied with Ecovis' performance, quality of communication, sufficiency and allocation of resources, competency as well as timelines in completing the audit. The Audit Committee was of the view that Ecovis had demonstrated their independence, objectivity and professionalism.</p>

	<p>The External Auditors can be engaged to perform non-audit engagement that are not, and are not perceived to be, in conflict with the role of the External Auditors. This excludes audit related work in compliance with statutory requirements.</p> <p>The three (3) basic principles on the prohibition of non-audit engagement are as follows:</p> <ul style="list-style-type: none"> <li>(a) Not to function as Management;</li> <li>(b) Not to audit their own work; and</li> <li>(c) Not to serve in an advocacy role of the Company and its subsidiaries.</li> </ul> <p>All engagements of the External Auditors to provide non-audit services are subject to the approval by the Audit Committee; and with expectation on the Management to obtain confirmation from the External Auditors on their independence which shall not be impaired by the provision of non-audit engagement.</p> <p>The Audit Committee assessed the fee chargeable by the auditors to ensure that the policies governing the provision of non-audit fees are observed.</p> <p>The Audit Committee met with the External Auditors once in the financial period ended 30 June 2019 without the presence of the Executive Directors and management. The External Auditors were encouraged to raise with the Audit Committee any matters deemed to be important to bring to the Audit Committee’s attention.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b> :	Adopted																								
<b>Explanation on adoption of the practice</b> :	<p>As at 30 June 2019, the Audit Committee consists of three (3) Independent Non-Executive Directors.</p> <p>The current members of Audit Committee are as follows:-</p> <ol style="list-style-type: none"><li>1. Dato' Paduka Dr. Thomas Hii King Hiong (Chairman, Non-Independent Non-Executive Director)</li><li>2. Datin Azreen Binti Abu Noh (Independent Non-Executive Director)</li><li>3. Yao Kee Boon (Independent Non-Executive Director)</li></ol> <p>The changes in composition of Audit Committee during the financial period ended 30 June 2019 are as follows:-</p> <table border="1"><thead><tr><th>Date</th><th>Name</th><th>Appointment/ Cessation</th></tr></thead><tbody><tr><td>22.2.2018</td><td>Dr. Aliyah Binti Dato' Hj. Baharuddin Marji <i>(Independent Non-Executive Director)</i></td><td>Stood down as member of Audit Committee</td></tr><tr><td>22.2.2018</td><td>Wu, Ying-Ju <i>(Independent Non-Executive Director)</i></td><td>Ceased as member of Audit Committee</td></tr><tr><td>22.2.2018</td><td>Dato' Paduka Dr. Thomas Hii King Hiong <i>(Independent Non-Executive Director)</i></td><td>Appointed as member of Audit Committee</td></tr><tr><td>22.2.2018</td><td>Lai Kian Huat <i>(Independent Non-Executive Director)</i></td><td>Appointed as member of Audit Committee</td></tr><tr><td>3.5.2018</td><td>Mohd Khasan Bin Ahmad <i>(Independent Non-Executive Director)</i></td><td>Ceased as Chairman &amp; member of Audit Committee</td></tr><tr><td>29.6.2018</td><td>Lai Kian Huat <i>(Independent Non-Executive Director)</i></td><td>Ceased as member of Audit Committee</td></tr><tr><td>2.8.2018</td><td>Yao Kee Boon <i>(Independent Non-Executive Director)</i></td><td>Appointed as member of Audit Committee</td></tr></tbody></table>	Date	Name	Appointment/ Cessation	22.2.2018	Dr. Aliyah Binti Dato' Hj. Baharuddin Marji <i>(Independent Non-Executive Director)</i>	Stood down as member of Audit Committee	22.2.2018	Wu, Ying-Ju <i>(Independent Non-Executive Director)</i>	Ceased as member of Audit Committee	22.2.2018	Dato' Paduka Dr. Thomas Hii King Hiong <i>(Independent Non-Executive Director)</i>	Appointed as member of Audit Committee	22.2.2018	Lai Kian Huat <i>(Independent Non-Executive Director)</i>	Appointed as member of Audit Committee	3.5.2018	Mohd Khasan Bin Ahmad <i>(Independent Non-Executive Director)</i>	Ceased as Chairman & member of Audit Committee	29.6.2018	Lai Kian Huat <i>(Independent Non-Executive Director)</i>	Ceased as member of Audit Committee	2.8.2018	Yao Kee Boon <i>(Independent Non-Executive Director)</i>	Appointed as member of Audit Committee
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	2.8.2018	Datin Azreen Binti Abu Noh <i>(Independent Non-Executive Director)</i>	Appointed as member of Audit Committee
	2.8.2018	Dato' Paduka Dr. Thomas Hii King Hiong <i>(Independent Non-Executive Director)</i>	Re-designated as Chairman of Audit Committee

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The members of the Audit Committee have the necessary skills to discharge its duties. All members of the Audit Committee are financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.</p> <p>Both former and present Chairman of the Audit Committee, En. Mohd Khasan Bin Ahmad and Dato' Paduka Dr. Thomas Hii King Hiong are members of Malaysian Institute of Accountants (MIA). They possess sufficient financial knowledge to provide satisfactory input on financial matters. The Committee members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the Audit Committee.</p> <p>The Company is committed to ensure that its Audit Committee members keep themselves abreast of relevant development in accounting and auditing standards, practices and rules. Besides attending the continuous professional development and training, the Audit Committee members obtained relevant developments in accounting and auditing standards, practices and rules from the briefing of the External Auditors.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board affirms its overall responsibility for maintaining a sound internal control system and risk management as well as reviewing the adequacy and integrity of the system. The risk management and internal control system is designed to manage rather than eliminate the risks of failures in order to achieve all business goals and objectives. Therefore, the system provides reasonable but not absolute assurance against material misstatement, operational failure, fraud or loss.</p> <p>The internal controls cover financial, operational, environmental and compliance control, and risk management procedures. The Board embedding risk management framework in all aspect of the Group’s activities and approving the acceptable risk appetite after assessing whether the risks are managed within tolerable ranges.</p> <p>The Group has in place a risk management framework which outlines the Group’s risk management system, defines the management’s responsibilities and sets the Group’s risk appetite and risk tolerance.</p> <p>The level of risk tolerance of the Group is expressed through the use of a risk impact and likelihood matrix with an established risk tolerance boundary demarcating those risks that are deemed to have “Exceeding Risk Appetite” and those “Within Risk Appetite”. After identified the type of risk, suitable action plans will be developed and allocated to the right personal for implementation within the agreeable timeline.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

## Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Risk Management Committee assists the Board to fulfill its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure of the Group.</p> <p>The Risk Management Committee reviews and recommend and identifies key risk oversee the overall management of all risks and ensures that infrastructure, resources, processes and systems were in order.</p> <p>The salient terms of reference of the Risk Management Committee are as follows :-</p> <ul style="list-style-type: none"><li>a) identifying, evaluating, reporting risks, implement of appropriate risk management systems and to monitor key business risks to safeguard shareholders' investment, the Company's assets and any matters within the terms of reference</li><li>b) obtaining the resources required to perform its duties</li><li>c) reporting periodically at least twice a year to the Audit Committee</li><li>d) providing direct communication channels with the External Auditors and Internal Auditors of the Company</li><li>e) Conducting meeting with the External Auditors and Internal Auditors discussing their findings and recommendations based on reviews or reservations on any matters</li></ul> <p>The primary responsibilities :-</p> <ul style="list-style-type: none"><li>a) formulating risk management framework</li><li>b) actively identifying risks</li><li>c) evaluating and reporting risks</li><li>d) implementing appropriate risk management systems</li><li>e) monitoring key business risks to safeguard shareholders' investment and the Company's assets</li></ul> <p>The Risk Management Committee assessed and monitored the efficacy and effectiveness of the risk management controls and measures taken whilst the adequacy and effectiveness of the internal controls were</p>

	<p>reviewed by the Audit Committee in conjunction with the activities and reports of the outsourced Internal Auditors.</p> <p>The Board is of the view that the risk management and internal control system in place during the financial period ended 30 June 2019 was sound and sufficient to safeguard the shareholder's investment and the Group's assets. The Board has on 29 May 2019 reviewed the follow-up report from the Risk Management Committee and noted that the Risk Management Committee has updated the risk profiles of the Group from time to time through a risks re-assessment exercise with the assistance of the internal auditors of the Company, if necessary.</p> <p>Further details of the Group's risk management and internal control are disclosed in the Statement of Risk Management and Internal Control which has been reviewed by the External Auditors.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Auditors act independently and report directly to the Audit Committee.</p> <p>The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively. The Internal Auditors' risk-based approach towards the planning and conduct of internal audit, are consistent with the Group's framework in designing, implementing and monitoring its internal control system.</p> <p>The principal responsibility of the Internal Audit is to undertake continuous testing, review and assessment on the effectiveness and efficiency of the Group's system of internal control and its compliance with the group policies and procedures over its business processes based on the risk-based internal audit plan.</p> <p>The risk-based internal audit plan outlines the audit timetable for auditable business processes and follow up visit are tabled for Audit Committee's review and approval. The Audit Committee would consider the level of the risks to determine the priority of the auditable areas. The Audit Committee may authorise changes on the Audit Plan from time to time if the need arises.</p> <p>The comprehensive report on the approaches of internal audit reviews, findings and the recommendation action plans are tabled for Audit Committee's review and endorsement. The status of implementation of the action plans are highlighted to the Audit Committee after Internal Auditors' follow up reviews.</p> <p>During financial period ended 30 June 2019, the Internal Audit Plan setting out the internal audit work expected to be carried out for the financial year 2021, was tabled and approved by the Audit Committee after due consideration on the level of possible risks and upon obtaining management's input.</p> <p>In the financial period under review, the outsourced internal audit function carried out audits in accordance with the risk-based internal audit plan reviewed and approved by the Audit Committee on 25 May 2018. The results of their review presented in the Internal Audit Report, which include a summary of internal audit findings and management's</p>

	<p>responses, were discussed with Senior Management and subsequently presented to the Audit Committee. Follow up visits were also conducted by Internal Auditors to ensure that management's action plans in respect of the matters highlighted in the internal audit reports have been adequately addressed. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.</p> <p>To ensure effectiveness of the Group Internal Audit function, the Audit Committee assessed the following in respect of internal audit amongst others, the terms of engagements, scope of works, the Company's financial budget, Internal Audit Reports and quality of deliverables :-</p> <ol style="list-style-type: none"> <li>a. the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work; and</li> <li>b. the internal audit program, processes, the results of the internal audit program, processes or undertakings and whether or not appropriate action is taken on the recommendations of the internal audit function.</li> </ol> <p>In developing the scope of the internal audit function, the Audit Committee was satisfied that –</p> <ol style="list-style-type: none"> <li>a. the person responsible for the internal audit has relevant experience, sufficient standing and authority to enable him to discharge his functions effectively;</li> <li>b. internal audit has sufficient resources and is able to access information to enable it to carry out its role effectively; and</li> <li>c. the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively.</li> </ol> <p>The Internal Auditors had and would continue to keep abreast with developments in the profession, relevant industry and regulations.</p>
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</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 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The function of the internal audit for the Group is outsourced to a professional firm, Messrs Ivan Law &amp; Co. (“ILC”). The appointment of the Internal Auditors requires endorsement by the Audit Committee before they are officially appointed by the Board.</p> <p>During financial period ended 30 June 2019, the Board approved the appointment of ILC as the Internal Auditors for the financial year ending 30 June 2020 and 2021 upon endorsement of the Audit Committee.</p> <p>Based on the written declaration of the audit personnel assigned to perform internal audit assignments for the Group, ILC confirmed that nothing has come to ILC attention to indicate that the internal audit personnel assigned had any relationships or conflicts of interest with the Group, which could impair their independence and objectivity for those internal audit assignments performed during the financial period ended 30 June 2019.</p> <p>The number of personnel deployed for the internal audit reviews ranges from 3 to 4 audit team members per visit including the engagement partner. The personnel in the audit reviews possess professional qualifications and/or a university degree.</p> <p>Mr. Ivan Law, the partner of ILC has a diverse professional experience in internal audit, risk management and corporate governance advisory. Mr. Ivan Law’s qualifications and membership with professional qualifications are as follows:</p> <p>(i) Member of Malaysian Institute of Accountants</p> <p>(ii) Member of Malaysian Institute of Certified Public Accountants</p> <p>The internal audit was conducted using a risk-based approach and was guided by a recognised framework.</p>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Shareholders' Communication Policy to enable effective communication with its shareholders and other stakeholders. The Board hopes that this will help in promoting effective communication and constructive engagement between the board members and senior management with shareholders on the Group's performance and other matters affecting the shareholders' interest.</p> <p>The Board leverages on a number of formal channels for effective dissemination of information to shareholders and other stakeholders, particularly through:-</p> <ul style="list-style-type: none"><li>-AGM and EGM which shareholders are encouraged to attend and participate;</li><li>-Annual Reports which are available in CD, hardcopy and on Bursa and the Company's website;</li><li>-Quarterly Financial Reports which are available on Bursa and the Company's website;</li><li>-Emails either directly to the Company or through the share registrar or Company Secretary; and</li><li>- Disclosures and announcements as required by MMLR.</li></ul> <p>The Company via its website, <a href="http://www.ta-win.com">www.ta-win.com</a>, provides all relevant information of the Group, and it is accessible to the public. It contains information concerning the operations of the Group, disclosures, announcements, policies adopted, Board Charter, terms of references of Board Committees as well as other corporate information.</p> <p>The Board regards that AGMs and EGMs are the primary forum for communication by the Company with its shareholders and for shareholders participation.</p> <p>Prior to the AGMs and EGMs, shareholders will be provided with the notices of meetings and accompanying explanatory material such as notes, Annual Report and/or Circular to enable shareholders to exercise their rights.</p>

	<p>During General Meetings, the Chairman of Meeting will invite shareholders to raise questions pertaining to the Company's Financial Statements and other items for adoption at the meeting, before putting a resolution to vote. The Directors, Management and External Auditors will be in attendance to respond to the shareholders' queries.</p> <p>In addition to the above, the Company will look into allocation of time during AGM for dialogue with shareholders to address the issues concerning the Group and to make arrangements for officers of the Company to present and handle other face-to-face enquiries from shareholders.</p> <p>In maintaining the commitment to effective communication with shareholders and other stakeholders, the Company releases comprehensive, timely and continuing disclosures of information to its shareholders as well as to the general investing public, which also provides additional disclosure of information on a voluntary basis, where possible and applicable. The Board has put in place a Corporate Disclosure Policy for the purpose to raise awareness and provide guidance on the Company's disclosure requirements and practices and to provide guidance and structure in disseminating corporate information to the market in accordance with all applicable legal and regulatory requirements. All public announcements are electronically published and can be assessed at Bursa Securities' website at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a> or Company's website.</p> <p>The Annual Report which is prepared in accordance with the MMLR and the Code, communicates comprehensive information of the financial results and activities undertaken by the Group is considered as one of the main channels for communication between the Company and its stakeholders.</p> <p>Besides, shareholders can at any time seek clarification or raise queries through the corporate website, by email or phone. Primary contact details are set out at the Company's website.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

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

**Practice 11.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company is not a Large Company as defined by the Code.	
		The Company will consider adopting integrated reporting if the Board is of the view that the benefits of the adoption outweigh the costs.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board endeavours to provide shareholders with adequate time to consider the resolutions that will be tabled during the AGM and to facilitate informed decision making by the shareholders.</p> <p>The Twenty Fourth AGM of the Company was held on 29 June 2018 while the Notice of Twenty Fourth AGM of the Company was issued on 30 April 2018. Almost two months Notice of the AGM was given which was well in advance of the 21-days required under the Companies Act 2016 and MMLR.</p> <p>The Notice of Twenty Fourth AGM provided further explanation beyond the minimum content stipulated in the MMLR for the resolutions proposed along with the background information and reports or recommendation that were relevant, where required and necessary, to enable shareholders to make an informed decision in exercising their voting rights.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 12.2

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

<b>Application</b>	:	Departure								
<b>Explanation on application of the practice</b>	:	<p>Save for En. Mohd Khasan Bin Ahmad who resigned as Director on 3 May 2018, the respective Board's members had attended the following general meetings held during the financial period ended 30 June 2019:-</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Meeting</th> </tr> </thead> <tbody> <tr> <td>27 February 2018</td> <td>EGM</td> </tr> <tr> <td>29 June 2018</td> <td>Twenty Fourth AGM</td> </tr> <tr> <td>26 March 2019</td> <td>EGM</td> </tr> </tbody> </table> <p>The Chairman encouraged shareholders' active participation during AGM by giving sufficient time to the floor during the question and answer session.</p> <p>The Chair of respective Committees are fully aware of their respective scope of responsibilities and they are prepared to address any question that the shareholders may raise which fall under the purview of the Committees.</p>	Date	Meeting	27 February 2018	EGM	29 June 2018	Twenty Fourth AGM	26 March 2019	EGM
Date	Meeting									
27 February 2018	EGM									
29 June 2018	Twenty Fourth AGM									
26 March 2019	EGM									
<b>Explanation for departure</b>	:	<p>All Directors have always been committed to attend the AGM. However, En. Mohd Khasan Bin Ahmad was unable to attend Company's EGM held on 27 February 2018 as he had to attend to an ad hoc matter which was unavoidable. He extended his apologies to the shareholders.</p>								
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>										
<b>Measure</b>	:									
<b>Timeframe</b>	:									

### Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	<p>Shareholders are provided with sufficient notices of general meetings and accompanying explanatory material such as notes, circular and Annual Report in order for the shareholders to make arrangements to attend the general meetings and exercise their rights. Shareholders are encouraged to appoint proxy/proxies to vote on their behalf if they are unable to attend the meeting. The copies of the proxy forms are available in the Company's website and in the Company's Annual Report.</p> <p>The Company's Twenty Fourth AGM and EGM on 27 February 2018 were held at Ramada Plaza Melaka, which is located in the heart of the historical city Melaka. This venue is easily accessible and it is familiar to most shareholders of the Company since past AGMs were held at the same venue.</p> <p>The Company's EGM on 26 March 2019 was held at the factory of Ta Win Industries (M) Sdn. Bhd., a subsidiary of the Company, situated in Melaka with the intention to create a sense of "family" to its shareholders and to allow its shareholders to have more understanding of the Group's businesses by leading them to visit the factory after the meeting.</p>
<b>Explanation for departure</b>	:	<p>The Company has less than four thousand (4,000) shareholders (inclusion of preference shareholders) as such, while all practical efforts are taken to ensure that shareholders' ability to participate at general meetings, considering the cost involved, it is not economically justifiable to enable voting in absentia or remote shareholders' participation at general meetings. Nonetheless, with the advent technology, the appointed proxies may communicate with shareholders instantaneously on matters deliberated at all general meetings.</p> <p>However, the Company will explore on the leverage of technology to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at AGMs and EGMs of the Company where circumstances permit.</p>

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

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

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

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