

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0032  
**COMPANY NAME** : REDTONE INTERNATIONAL 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 for the leadership, oversight and the long-term success of the Group. The Board fully understands their collective responsibilities in guiding the business activities of the Group in reaching an optimum balance of a sound and sustainable business operation in order to safeguard shareholders' value.</p> <p>In order to ensure the effective discharge of the Board's functions and responsibilities, the Board has in place a Board Charter, and has delegated certain responsibilities to the Board Committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee, Nomination Committee and Remuneration Committee.</p> <p>As per the Board Charter, matters on vision, mission and company strategy are reserved for the Board. The Board is assisted by the Board Committees and Management to regularly review and monitor the Company's performance to ensure conformity with the overall strategy and vision of the Company.</p> <p>To ensure the effective discharge of its function and duties, the principal responsibilities of the Board include the following specific areas:-</p> <ul style="list-style-type: none"><li>• Strategic business plan and direction of the Group</li><li>• Promote good corporate governance culture within the Group</li><li>• Investment and divestment proposals</li><li>• Approval of financial results</li><li>• Ensuring integrity of financial and non-financial reporting</li><li>• Risk management</li><li>• Succession planning of Board and Senior Management</li><li>• Board appointments, their fees and remuneration</li><li>• Dividend policy</li></ul>

	<ul style="list-style-type: none"> <li>• Reviewing the adequacy and integrity of the Group’s internal control systems</li> <li>• Implementing effective public communications and investor relations policies</li> </ul> <p>The Board is kept abreast of the overall business activities of the Company through the updates from the Management at the quarterly Board meetings and in between, on an ad-hoc basis whenever deemed necessary. Any unresolved matter at each meeting will be minuted as a matter arising which is to be followed-up and discussed at the next Board meeting.</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> :	<table border="1" style="width: 100%; height: 100%;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%;"></td> </tr> </table>		

### 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 Board is led by YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail, the Non-Independent Non-Executive Chairman of the Company. The profile of Her Royal Highness is set out in the Board of Directors' profile in the Company's Annual Report 2019.</p> <p>The Chairman is responsible for representing the Board to shareholders and ensuring the integrity and effectiveness of the governance process of the Board. The Chairman maintains regular dialogue with the Executive Directors over all operational matters.</p> <p>In addition, the Chairman also acts as the facilitator at Board meetings to ensure that no Board member dominates discussion and healthy discussions take place by fostering free expression of opinions of the Board members to achieve thorough discussions and optimum decisions.</p> <p>The roles and responsibilities of the Chairman of the Board have been clearly specified in Appendix B of the Board Charter, which is available on REDtone's website at <a href="http://www.redtone.com">www.redtone.com</a>.</p> <p>The responsibilities of the Chairman include, amongst others;</p> <ul style="list-style-type: none"><li>• Providing leadership to the Board;</li><li>• Chairing meetings of the Board in such a manner that will stimulate debate on issues before the Board and encourage the most effective contribution from each Board member;</li><li>• Organising the agenda for Board meetings based on input from other Directors and the Company Secretary;</li><li>• Acting as liaison between the Board and management;</li><li>• The point of contact for shareholders and other stakeholders on any queries and concerns regarding REDtone and its group of companies;</li><li>• Leading the Board in establishing and monitoring good corporate governance practices in the Group.</li></ul>
<b>Explanation for departure</b>	:	

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

<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 roles and responsibilities of the Chairman and Group Chief Executive Officer (“<b>Group CEO</b>”) are separate and clearly segregated. The clear distinction of responsibilities of the Chairman and Group CEO ensures a balance of authority and accountability and to avoid unfettered powers in decision-making.</p> <p>The positions of Chairman and Group CEO are held by two different individuals. The Chairman, YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail provides the overall leadership to the Board, without compromising the principle of collective responsibility for Board's decisions whereas the Group CEO, Mr. Lau Bik Soon, supported by the Executive Directors and Management team, focuses primarily on the formulation and implementation of business strategies, oversees the implementation of the Board's decision and policies, as well as supervises the day-to-day management and running of the Group.</p> <p>The Group CEO and the Executive Directors remain accountable to the Board for the authority delegated to them and for the overall performance of the Group.</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>The Board is supported by two suitably qualified, experienced and competent Company Secretaries. Both Company Secretaries are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016 and are also Fellow members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The Company Secretaries are responsible for ensuring that the Board procedures are followed, the applicable rules and regulations for the conduct of the affairs of the Board are complied with and all matters associated with the maintenance of the Board or otherwise required for its efficient operation is in order. The Company Secretaries are also responsible to organise and attend all Board and Board Committees' meetings and ensures the meetings are properly convened while proper records of the deliberations at the Board meetings and resolutions passed are maintained accordingly at the registered office of the Company.</p> <p>All Board members have unrestricted access to the advice and services of the Company Secretaries in relation to the Board's affairs and the business.</p> <p>The Board is satisfied with the performance of the Company Secretaries in that they have provided sound governance advice, ensured adherence to rules and procedures, as well as advocated the adoption of corporate governance best practices by 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**

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>Prior to the Board and Board Committee meetings, notice enlisting the agendas are prepared and circulated to the Directors at least five (5) days in advance. The Board members also receive their meeting materials for review within a reasonable period prior to each meeting in order for the Directors to have a constructive and effective discussion during the meetings.</p> <p>The Company Secretary attends meetings of Board and Board Committees and ensures all proceedings of the meetings such as the issues raised, deliberations and decisions of the Board and Committees, including any dissents and abstentions are properly minuted and documented.</p> <p>The minutes of meetings are circulated to all Directors on a timely manner upon conclusion of the meetings for their review and the confirmed Board minutes, being the statutory records of the Company are entered into the minutes book accordingly.</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 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 has been formalised and adopted by the Board, serves as a primary reference which clearly sets out the roles, responsibilities, authorities and operation of the Board, Board Committees, Chairman, Executive Directors and Non-Executive Directors. The Board Charter also outlines a schedule of matters reserved for collective decision of the Board, which includes but not limited to, the financial and business matters, Board and directorate issues, public reporting and miscellaneous matters which require Board's collective decision.</p> <p>The Board Charter also outlines, amongst others, the following items:</p> <ul style="list-style-type: none"> <li>(i) Board Responsibilities</li> <li>(ii) Board membership guidelines</li> <li>(iii) Board and member evaluations</li> <li>(iv) Directors' remuneration</li> <li>(v) Board structures and procedures</li> <li>(vi) Relationship of the Board with Management</li> <li>(vii) Relationship between the Board and Shareholders, Institutional Investors, Press, Customers and et cetera.</li> </ul> <p>The position description of the Chairman, Executive Directors, Non-Executive Directors, and Independent Non-executive Directors, together with the terms of references of the Board Committees are outlined in the Board Charter.</p> <p>The Board Charter is made available on the Company's website at <a href="http://www.redtone.com">www.redtone.com</a>. The Board will review the Board Charter from time to time to ensure that the Board Charter remains consistent with the Board's objectives, current law and practices. The Board Charter was last reviewed by the Board in August 2019.</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 3.1

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 Board is mindful of its leadership as a key pivot in creating ethical values and observing ethical conducts within the REDtone Group. In ensuring that all Directors set the tone and standards at the top by instilling the culture of sound governance and also in upholding integrity, objectivity, accountability, openness and honesty throughout the Group, the Board is guided by the 'Directors' Code of Best Practice' embedded in the Board Charter.</p> <p>The Company also adopts the 'Code of Conduct and Ethics' to ensure all employees of the Group maintains and upholds a high standard of ethical and professional conduct in the course of performance of their duties and responsibilities.</p> <p>The Code of Conduct and Ethics sets out the rules of conduct and include, amongst others:</p> <ul style="list-style-type: none"><li>• compliance with rules and regulations;</li><li>• managing conflicts of interest;</li><li>• confidentiality;</li><li>• safeguarding of the Group's intellectual property and assets;</li><li>• prevention of abuse of power; and</li><li>• insider trading.</li></ul> <p>The Code of Conduct and Ethics is available on the Company's website at <a href="http://www.redtone.com">www.redtone.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 Company is committed to the highest standards of integrity, transparency and accountability in the conduct of its business and operations and aspires to conduct its affairs in an ethical, responsible and transparent manner. In achieving this, the Board has established and adopted a Whistleblowing Policy which provides an avenue for the employees and members of the public to report any improper conduct or genuine concerns relating to possible improprieties in financial reporting, compliance and other malpractices at the earliest opportunity, in an appropriate manner and without fear of retaliation.</p> <p>The Whistleblowing Policy provides details of the lodgement guidelines and is published on the Company's website at <a href="http://www.redtone.com/whistleblower/">http://www.redtone.com/whistleblower/</a>. The whistle-blower may report directly in writing to a dedicated email address, namely <a href="mailto:whistleblower@redtone.com">whistleblower@redtone.com</a> or other channels, detailed in the Whistleblowing Policy.</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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>During the financial period ended 30 June 2019, the Board comprised eight (8) members, comprising three (3) Independent Non-Executive Directors, three (3) Executive Directors and two (2) Non-Independent Non-Executive Directors. The Board complies with Rule 15.02(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad which stipulates that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, are independent Directors.</p> <p>The Board acknowledges and takes cognisance of the recommendation of this Practice which requires at least half of the Board to comprise of independent directors. Nevertheless, the Board is of the view that the current composition of the Board provides a reasonable check and balance within the Board, which sufficiently enables it to discharge its duties objectively.</p> <p>Several of our Directors, although they are non-independent and non-executive, are experienced and their willingness to challenge the Management with questions without apprehension and debate constructively during board meetings helps to reinforce the check and balance of Board's decision making process. Hence currently, the lack of majority Independent Directors in terms of delivering 50% of composition does not jeopardise independent Boards' deliberations and all decisions are made in the best interests of the Company.</p> <p>The Board Chairman is a Non-Independent Non-Executive Director, who by virtue of Her Royal Highness' non-executive position, does not participate in the day-to-day management of the Group's businesses. In addition, the Company's Independent Non-Executive Directors remain in a position of fulfilling their responsibility to ensure the effective check and balance on the Board to safeguard the interest of the minority shareholders. The Board is of the opinion that this deviation from the recommendation of the Malaysian Code on Corporate Governance ("MCCG") will not significantly impair the corporate governance framework of the Company and the Board's decisions are made objectively with adequate independent supervision. The Board may</p>

	consider appointing more independent directors to the Board when the need arises in the future.	
<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>	:	Applied - Two Tier Voting
<b>Explanation on application of the practice</b>	:	<p>Presently, Mr. Mathew Thomas A/L Vargis Mathews is the Senior Independent Non-Executive Director of the Company who has served the Board for a cumulative term of more than twelve (12) years.</p> <p>The Nomination Committee and the Board have assessed, determined and confirmed that Mr. Mathew Thomas A/L Vargis Mathews, who has served on the Board in the capacity of an independent director for more than twelve (12) years, remains objective and independent in expressing his views and in participating in the deliberation and discussion of the Board and Board Committees. His vast knowledge and strength especially in the areas of finance is invaluable to the mix of skills of the Board. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interest of the Group.</p> <p>Mr. Mathew Thomas A/L Vargis Mathews has demonstrated independence and objectivity in carrying out his roles as a member of the Board and Board Committees, notably in fulfilling his role as the Chairman of the Audit Committee and Nomination Committee. Mr. Mathew Thomas A/L Vargis Mathews has also devoted sufficient time and attention to his professional obligations to REDtone for informed and balanced decision making.</p> <p>In line with the recommendation of the Malaysian Code on Corporate Governance, the proposed retention of Mr. Mathew Thomas A/L Vargis Mathews as an Independent Director of the Company will be tabled to the shareholders for approval through a two-tier voting process at the forthcoming Seventeenth Annual General Meeting of the Company to be held on 3 December 2019.</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 4.3 - 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 Company recognises the importance and adopts a meritocracy system which does not discriminate, especially on the grounds of ethnicity, age and gender diversity at the Board and Senior Management level, allowing the breadth of perspectives. Hence, it is imperative that all appointments to the Board and to the Senior Management must be on merits.</p> <p>The current Board reflects a mix of suitably qualified and experienced professionals in the fields of accountancy, taxation, banking, finance, media and corporate finance. The combination of different professions and skills enables effective deliberation among Board members with fresh insights and objective assessment.</p> <p>The Board also embraces age diversity to encourage diversity in perspective and balance the Board's insight, experience and approach in the decision making.</p> <p>The Board, together with its Nomination Committee, considers the following criteria for the appointment and recruitment process and annual assessment of the Board and the Senior Management:</p> <ol style="list-style-type: none"><li>1. Skills, knowledge, expertise, experience;</li><li>2. Character and behaviours;</li><li>3. Competencies, commitment, contribution and performance;</li><li>4. Potential conflict of interest situations; and</li><li>5. Diversity.</li></ol>
<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 4.5

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>	:	Departure																																							
<b>Explanation on application of the practice</b>	:																																								
<b>Explanation for departure</b>	:	<p>For the financial period ended 30 June 2019, the Board comprised two (2) female Directors out of eight (8) Directors, namely, YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail and Ms. Loh Paik Yoong, making up 25% female Directors on the Board.</p> <p>The Board acknowledges the importance of boardroom diversity in terms of age, gender and race, and recognises the benefits of this diversity. The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain as priority.</p> <p>Therefore, the Company does not have a formalised policy on gender diversity nor set any specific target for boardroom diversity but will actively work towards achieving the appropriate boardroom diversity. In addition, the issue of diversity is discussed and given prominence during deliberations by the Nomination Committee and the Board.</p> <p>For the financial period ended 30 June 2019, the diversity in terms of race/ethnicity, age and gender of the Board is set out below:</p> <table border="1"><thead><tr><th></th><th colspan="4">Race/Ethnicity</th></tr><tr><th></th><th>Malay</th><th>Chinese</th><th>Indian</th><th>Others</th></tr></thead><tbody><tr><td>No. of directors</td><td>3</td><td>3</td><td>1</td><td>1</td></tr></tbody></table> <table border="1"><thead><tr><th></th><th colspan="4">Age Group</th></tr><tr><th></th><th>30-40</th><th>41-50</th><th>51-60</th><th>61-70</th></tr></thead><tbody><tr><td>No. of directors</td><td>1</td><td>2</td><td>3</td><td>2</td></tr></tbody></table> <table border="1"><thead><tr><th></th><th colspan="2">Gender</th></tr><tr><th></th><th>Male</th><th>Female</th></tr></thead><tbody><tr><td>No. of directors</td><td>6</td><td>2</td></tr></tbody></table> <p>The Board is comfortable with the current mix of skills, experiences, and industry-specific knowledge of the respective Directors. The Board will</p>		Race/Ethnicity					Malay	Chinese	Indian	Others	No. of directors	3	3	1	1		Age Group					30-40	41-50	51-60	61-70	No. of directors	1	2	3	2		Gender			Male	Female	No. of directors	6	2
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	Gender																																								
	Male	Female																																							
No. of directors	6	2																																							

	continue to be mindful of the gender diversity guideline when considering future changes to the Board’s composition.	
<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>There was no new appointment of Directors during the financial period ended 30 June 2019.</p> <p>The Board takes cognisance of the recommendation of the MCCG to utilise a variety of approaches and sources to identify suitable candidates, which may include sourcing from a directors' registry, open advertisements or using the independent search firms. The Nomination Committee and the Board will ensure that the procedures for appointing new Directors are transparent and formal and the appointments are made on merits.</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 the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee is chaired by the Senior Independent Non-Executive Director, Mr. Mathew Thomas A/L Vargis Mathews.	
<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 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, through the Nomination Committee, conducts the annual assessment of the effectiveness of the Board, the Board Committees and the contribution of each individual Director based on the following criteria, amongst others:-</p> <p>For Board and Board Committees:-</p> <ul style="list-style-type: none"><li>• composition</li><li>• board process</li><li>• adequacy of information and processes</li><li>• accountability</li><li>• performance</li><li>• standard of conduct</li></ul> <p>For individual Director:-</p> <ul style="list-style-type: none"><li>• abilities, competencies and knowledge</li><li>• integrity and personality</li><li>• participation at Board and Board Committees' meetings including the contribution to the business strategies and performance of the Group</li><li>• attendance of meetings</li><li>• corporate governance</li><li>• independence</li></ul> <p>Assessment of the Board and Board Committees are performed based on board review or self-assessment whilst assessment of the individual Directors is performed based on a peer review basis. Each Director is provided with the same set of assessment forms for their completion. The results of all assessments and comments by Directors are summarised and deliberated at the Nomination Committee meeting and thereafter the Nomination Committee's Chairman will report the results and deliberation to the Board. All assessments and evaluations carried out by the Nomination Committee are documented.</p>



	During the financial period under review, the Board, based on the results of the assessment, is satisfied with the performance of each of the Director.	
<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 6.1

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 Company has formalised the Directors' Remuneration Policies and Procedures. The objectives of the Group's policy on Directors' remuneration are to ensure that formal and transparent remuneration policies and procedures are in place to attract and retain Directors of the calibre needed to run the Group successfully.</p> <p>The Board, with the assistance of the Remuneration Committee, recommends a fair and attractive remuneration framework, which includes the remuneration packages and other terms of employment for the Executive Directors. In formulating the framework and levels of remuneration, the Remuneration Committee ensures the remuneration policy remains supportive of the Company's corporate objectives, is aligned with the interests of the shareholders, is able to attract, retain and motivate the Executive Directors and is reflective of their experience and level of responsibilities.</p> <p>The Board as a whole, determines the fees for Non-Executive Directors, with each Director concerned abstaining from any decision with regards to his/her own remuneration. Taking into account the performance of the Group and the responsibilities of the Directors, the Directors' fees are set in accordance with a remuneration framework comprising responsibility fees and attendance fees.</p> <p>The Directors' Remuneration Policies and Procedures is available on the Company's website at <a href="http://www.redtone.com">www.redtone.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>The Board has established a Remuneration Committee with an objective to assist the Board to recommend a formal and transparent procedure and structure in determining the remuneration package for the Executive Directors. Each Director concerned shall abstain from any decision with regards to his own remuneration.</p> <p>The Remuneration Committee also has written terms of reference which is included in the Board Charter and is available on the Company's website at <a href="http://www.redtone.com">www.redtone.com</a>. The said terms of reference deals with the Remuneration Committee's duties and responsibilities which includes:-</p> <ul style="list-style-type: none"><li>a) ensuring that the remuneration policies are made through a transparent and independent process;</li><li>b) ensuring that all the Executive Directors and Senior Management are fairly rewarded for their individual contributions to the Company's overall performance and the remuneration are structured to link rewards to corporate and individual performance;</li><li>c) ensuring that the compensation and other benefits motivate and encourage Executive Directors and Senior Management to act in ways that enhance the Company's long-term profitability and value;</li><li>d) recommending to the Board a remuneration framework and the remuneration package for the Executive Directors and Senior Management;</li><li>e) recommending to the Board the remuneration package for Non-Executive Directors; and</li><li>f) ensuring recommendations of the Remuneration Committee are submitted for endorsement by the entire Board, covering all</li></ul>

	aspects of remuneration, including but not limited to Directors' fees, salaries, allowances and bonuses.	
<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 7.1**

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 disclosure on named basis for the remuneration of the individual Directors for the financial period ended 30 June 2019 and the breakdown of each Director's remuneration including fees, salary, bonus, benefits-in-kind and other emoluments is made in the Corporate Governance Overview Statement in 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>	:	The Board has considered this practice and is of the opinion that the disclosure of the top five (5) Senior Management's remuneration on a named basis would not be in the best interest of the Group due to confidentiality and security concerns as well as the competitive conditions for talent in the telecommunications industry.	
		REDtone strives to hire the best talents. The Board ensures that the remuneration of Senior Management commensurate with the performance of the Company, with due consideration in attracting, retaining and motivating Senior Management to lead and run the Company successfully. Excessive remuneration payouts are not made to the Senior Management personnel in any instance.	
<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>	:	The Chairman of the Audit Committee is Mr. Mathew Thomas A/L Vargis Mathews, the Senior Independent Non-Executive Director, while the Chairman of the Board is YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail, a Non-Independent Non-Executive Director. This has ensured that the objectivity of the Board's review of the Audit Committee's findings and recommendations are not impaired.	
<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 8.2**

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 policy on observation of a cooling-off period of at least 2 years for a former key audit partner prior to the appointment as an Audit Committee member is incorporated in the terms of reference of Audit Committee.</p> <p>Presently, no former key audit partners of the present and former external auditors have been appointed to the Board or employed by 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**

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 Audit Committee annually reviews and assesses the performance, suitability, objectivity and independence of the external auditors and the level of non-audit services rendered by the external auditors which may impair their objectivity and independence as external auditors of the Company.</p> <p>Based on the annual assessment conducted for the financial period ended 30 June 2019, the Audit Committee is satisfied with the performance and independence of the external auditors, Messrs. Ernst &amp; Young as well as the fulfilment of criteria including independence of the external auditors, quality of audit review procedures and adequacy of the firm's expertise and its resources to carry out the audit work that they were tasked with.</p> <p>The Audit Committee also obtains annual assurance of independence from the external auditors. The external auditors have implemented a number of firm wide ethics and independence systems to maintain objectivity, to be free from conflicts of interest when discharging their professional responsibilities and monitor compliance with their firm's policies on independence and ethics.</p> <p>The Board, upon the recommendation by the Audit Committee, has no objection to the re-appointment of the external auditors and will accordingly, seek for shareholders' approval at the upcoming Seventeenth Annual General Meeting of the Company.</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>	:		
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**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>	:	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 8.5**

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 Board regards the members of the Audit Committee to collectively possess the accounting and related financial management expertise and experience required for the Audit Committee to discharge its responsibilities and assist the Board in its oversight over Management in the design, implementation and monitoring of risk management and internal control systems.</p> <p>Based on the Audit Committee Evaluation 2019, the Board is satisfied with the overall performance of the Audit Committee members in discharging their responsibilities in accordance with its terms of reference.</p> <p>The Audit Committee members have devoted sufficient time in updating their knowledge and enhancing their skills through continuing education programmes. They have attended various training programmes during the financial period ended 30 June 2019 to keep themselves abreast of the latest industry developments, financial reporting standards and business practices.</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>	:		
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### Intended Outcome

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

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

### Practice 9.1

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 acknowledges its overall responsibility for continuous maintenance of a sound risk management framework and effective system of internal control. The Board has the overall responsibility in reviewing and monitoring the Group's risk management and internal control system which provides reasonable assurance of an effective and efficient operation, compliance with laws and regulations and to safeguard shareholders' investment and the Group's assets.</p> <p>The Board has established an Enterprise-Wide Risk Management ("ERM") framework to identify and manage the significant risks faced in the Group's operations. The ERM framework is embedded into the culture, processes and structure of the Group and is subject to review by the Board bi-yearly. The ERM framework provides an ongoing process for identifying, evaluating and managing major risks faced by the Group that may affect the achievement of its business objectives and strategies.</p> <p>The Group's Risk Management Committee (Management-level), headed by the Group Chief Executive Officer and comprising of key management personnel from the respective divisions, which reports to the Audit Committee oversees the implementation of the ERM Program. The Risk Management Committee, guided by its terms of reference is tasked to report to the Audit Committee on key risks identified and the implementation of the action plans to address the risk issues within the risk appetite or tolerance of the Board.</p> <p>Details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in the Annual Report 2019.</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 and internal control are embedded in the culture, processes and structures of the Group. The experience, knowledge and expertise to identify and manage such risks enables the Group to make cautious, mindful and well-informed decisions through formulation and implementation of requisite action plans and monitoring regime which are imperative in ensuring the accomplishment of the Group's objectives.</p> <p>On an ongoing basis, the Management is responsible to identify, evaluate, manage and report major risks that affects the Group's strategies and business plans. The Group has in place an ERM program to assist in the risk identification and management. The key features of the Group's ERM framework are as follows:</p> <ul style="list-style-type: none"> <li>• It outlines the ERM methodology on the identification of key business risks through a structured approach and to determine if controls are in place in mitigating the risks identified; and</li> <li>• It establishes guidelines to enable Management to prioritise the risks and allocation of resources to manage the risks.</li> </ul> <p>The risk register detailing key risk profiles and key risk indicators is continuously reviewed and updated by the Management-level Risk Management Committee to ensure the risks identified are managed within defined parameters and standards.</p> <p>The Board is of the view that the system of internal control and risk management in place during the financial period, is sound and sufficient to safeguard the Group's assets and the interests of various stakeholders.</p>
<b>Explanation for departure</b>	:	

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

<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 9.3 - 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 Company maintains an internal control environment which is independent from the Management by outsourcing its internal audit function to an independent professional consulting firm as part of its effort to provide adequate and effective internal control system.</p> <p>In addition, the Audit Committee has the following duties and responsibilities to ensure the internal audit function is effective and able to function independently:-</p> <ul style="list-style-type: none"> <li>• to review 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;</li> <li>• to review the internal audit plan, processes, the results of the internal audit review, investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function; and</li> <li>• to approve the appointment of the internal auditor.</li> </ul> <p>The internal auditors have unrestricted access to all documents and records of the Group deemed necessary in the performance of its function. They independently review the risk identification procedures and control processes implemented by Management.</p> <p>The internal auditors report independently and directly to the Audit Committee in respect of the internal audit function. The internal audit review is carried out in accordance with the annual internal audit plan as approved by the Audit Committee, and all audit findings and areas for improvements arising therefrom are reported to the Audit Committee.</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>	:		
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## 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 Company has outsourced its internal audit function to an independent professional consulting firm, Messrs. Stanco &amp; Ruche Consulting, to assist the Audit Committee as well as the Board in discharging their responsibilities by providing independent, objective assurance and advisory services that seek to add value and improve the Group's operations.</p> <p>Internal audit reviews were conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and the risk-based internal audit plan duly approved by the Audit Committee.</p> <p>The internal auditors report independently and directly to the Audit Committee on the Group's internal audit function, which is independent of the Board and Management. The internal audit review is carried out in accordance with the Annual Internal Audit Plan as approved by the Audit Committee and all audit findings arising therefrom are reported to the Audit Committee.</p> <p>The outsourced internal auditors are headed by its Managing Director, Mr. Ruban Chelliah, who is a fellow member of the Institute of Chartered Accountants in England &amp; Wales, a member of the Malaysian Institute of Accountants and an associate of the Institute of Internal Auditors. Mr. Ruban Chelliah together with his team, all of whom are qualified and possess the required expertise and experience are able to discharge their internal audit function effectively.</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 acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Board, in its best efforts, always keeps the shareholders and various stakeholders informed of the Company's business and corporate developments and ensures that the Company's communication with them is informative and timely.</p> <p>The Company maintains a website at <a href="http://www.redtone.com">www.redtone.com</a> to facilitate access to pertinent information concerning the Group and its operations, by the shareholders, consumers and general public. Announcements, news, promotions and all relevant updates are posted on the Company's website regularly. Shareholders may also communicate with the Company on investor relation matters by posting their enquiries to the Company through the Company's web enquiry form, which is available on its website. The Company will endeavour to reply to these enquiries in the shortest possible time.</p> <p>While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. Such material and price-sensitive information is not released unless it has been duly announced or made public through proper channels.</p> <p>Another key avenue of communication with its shareholders is the Company's Annual General Meeting, which serves as the principal forum for dialogue with shareholders where they may raise questions or seek clarifications on the Company's business and reports from the Company's Directors.</p> <p>In addition, Mr. Mathew Thomas A/L Vargis Mathews has been identified by the Board as the Senior Independent Non-Executive Director of the Company, to whom the shareholders and other stakeholders may convey their concerns to.</p>

	Apart from the above, the Company also maintains a 'Facebook' page, namely, "redtonemalaysia" where corporate events and staff activities are posted as a way to engage with the employees and general public.	
<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>	:	<p>The Company is not categorised as “Large Company” under the Malaysian Code on Corporate Governance and hence, has not adopted integrated reporting based on a globally recognised framework. Nonetheless, the Company will consider to adopt integrated reporting in the future.</p> <p>In addition, the current Annual Report provides stakeholders with a fairly comprehensive overview on the Company’s financial and non-financial information including future prospects. Reports such as Management and Discussion Analysis, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control form an integral part of the non-financial information.</p> <p>Once the level of maturity of non-financial reporting practices is adequate and able to comply with global recognised integrated reporting standards, the Company will implement this as soon as it is practicable.</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>	:		

**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 Sixteenth Annual General Meeting (“AGM”) of the Company was held on 16 October 2018 and the notice for the AGM was issued on 28 August 2018, which fulfilled the minimum 28 days’ notice period to be given to shareholders prior to the date of the AGM, which is in line with the recommendation of Malaysian Code on Corporate Governance, as per the requirement of the Companies Act 2016 and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The Notice for the Company’s upcoming Seventeenth AGM to be held on 3 December 2019 is given to the shareholders at least 28 days before the date of holding the AGM. The same practice will apply to future annual general meetings of the Company.</p> <p>The notice of AGM also provides detailed explanation for the resolutions proposed along with any background information and reports or recommendations that are relevant, where required and necessary, to enable shareholders to make informed decisions when exercising their voting rights.</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**

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>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>At the Sixteenth Annual General Meeting held on 16 October 2018, all the eight (8) directors were present in person to engage directly with the shareholders.</p> <p>The Board Chairman, the Board Committees' Chairman, the Group CEO and the external auditors were also in attendance to provide feedbacks in response to the shareholders' queries.</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 12.3

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>	:	
<b>Explanation for departure</b>	:	<p>The Company is supportive of any technology that allows shareholders' participation at general meetings, that include Annual General Meetings ("AGM"). In order to implement voting in absentia and remote shareholders' participation, the Company would need to ensure the veracity of e-platforms, and the accuracy of such e-platforms before implementing this.</p> <p>Further, the relevant provisions in the Company's Constitution convening of general meetings would need to be updated to allow for shareholders to attend general meetings remotely in line with the expectations of the MCGG. At the upcoming Seventeenth AGM of the Company, the Company will be tabling the proposed adoption of new Constitution of the Company for shareholders' approval.</p> <p>The Seventeenth AGM of the Company will be held at Bukit Jalil Golf &amp; Country Resort, Bukit Jalil, 57000 Kuala Lumpur. Shareholders are encouraged to attend general meetings. Shareholders who have questions and queries are welcome to submit questions or engage with Management separately. Management will endeavour to respond within reasonable time. Shareholders are allowed to appoint any person as their proxies to attend, participate, speak and vote in his stead at a general meeting.</p> <p>The Company will explore the use of technology to allow voting in absentia or remote shareholders' participation. The Company will assess the necessity and viability for such facility taking into consideration the number of shareholders, the reliability of the technology and cost-benefit to the Company, before adopting this practice.</p>

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

<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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