

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7100
COMPANY NAME : UCHI TECHNOLOGIES BERHAD
FINANCIAL YEAR : December 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board's responsibilities are stipulated in the Board Charter as such: "5.1 Board's Responsibilities</p> <p>The Board of Directors is responsible to provide direction, set the Company's value & standards and supervise the management of the business and affairs of the Company so as to ensure that its obligations to shareholders and other stakeholders are met.</p> <p>The Board explicitly assumes the specific duties and responsibilities as follows:</p> <p>(1) together with Management, promotes good corporate governance within the Company which reinforces ethical, prudent and professional behavior;</p> <ul style="list-style-type: none">• foster a healthy corporate governance culture which is founded on the principles of transparency, objectivity and integrity. The Board sets "the tone from the top" by formalizing and committing to ethical values and to the extent feasible, satisfies itself as to the integrity of the Board members and Management to create a culture of integrity throughout the Company.• review reports of the Nomination & Remuneration Committee concerning the Company's approach to corporate governance.• review reports of the Nomination & Remuneration Committee that evaluate the director independence standards established by the Board and the Board's ability to act independently from Management in fulfilling its duties.• adopt written Code of Conduct and Ethics applicable to directors, officers and employees of the Company. The Board shall periodically review reports of the Audit Committee relating to compliance with, or material deficiencies from, the Code and approve changes it considers appropriate. The Board shall

	<p>review reports from the Audit Committee concerning investigations and any resolutions of complaints received under the Code.</p> <ul style="list-style-type: none"> • review and assess the adequacy of its Charter from time to time, as required, to ensure compliance with any rules and regulations promulgated by any regulatory body and approve any modifications to this Charter as considered advisable. <p>(2) review, challenge and decide on Management’s proposals for the Company, and monitor its implementation by Management;</p> <ul style="list-style-type: none"> • The Board shall bring objectivity and breadth of judgment by scrutinizing Management’s proposals and satisfy itself that Management has taken into account all appropriate considerations in tabling the proposals. • The Board shall demarcate the day-to-day operational functions of the Management and the overall responsibilities of the Board by clarifying the duties and responsibilities of both parties. • The Board shall ensure that the goals and targets set for Management are met and in line with the Company’s long-term objectives. <p>(3) ensure that the strategic plan and operation of the Company support long-term value creation and include strategies on economic, environmental and social consideration underpinning sustainability</p> <ul style="list-style-type: none"> • The Board shall have in place a sound Sustainability Policy to deal with sustainability-related issues, which can significantly impact the Company’s risk profile, potential liabilities, reputation and overall value. <p>(4) supervise and assess Management performance to determine whether the business is being properly managed;</p> <ul style="list-style-type: none"> • The Board must ensure that there are measures in place against which Management’s performance can be assessed. The Board is obligated to oversee the performance of Management whilst maintaining a relationship that is supportive yet vigilant. The Board shall put in place key performance indicators for Management to ensure the Management’s strategy and performance are aligned with the Company’s strategic objective. The KPIs should relate with the Company’s business activities, the targets set by the Board and the Company’s objectives. The KPIs may include the following: <ul style="list-style-type: none"> • Financial performance and targets; • Strategic performance in line with the Company’s strategic plan and direction including short, medium and long-term value of the business; • Operational performance; and • Corporate culture of the Company. • receiving and considering reports from the Nomination & Remuneration Committee on the performance of the Board, Board Committee and individual Directors.
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	<p>(5) ensure there is framework for prudent and effective internal control and risk management;</p> <ul style="list-style-type: none"> • the Board shall periodically review reports provided by Management of principal risks associated with the Company's business and operations, review the implementation by Management of appropriate systems to manage these risks and review reports by Management relating to the operation of, and any material deficiencies in, these systems. <p>(6) understand the principal risk of the Company's business and recognize that business decisions involve the taking of appropriate risk;</p> <ul style="list-style-type: none"> • the Board shall be cognizant of the significant financial and non-financial elements that could result in exposures and alter the risk profile of the Company. <p>(7) set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, evaluate, manage and monitor significant financial and non-financial risk</p> <p>(8) ensure that Senior Management has the necessary skills and experience and there are measures in place to provide for the orderly succession of Board and Senior Management;</p> <ul style="list-style-type: none"> • the Board shall be satisfied that there are plans in place to provide for the orderly succession of Board members and Senior Management including the appointment, training and monitoring of such persons. • The Board shall ensure that candidates appointed to Senior Management positions are of sufficient caliber and that the collective competence of Senior Management would allow them to effectively lead the operations of the Company. • The Board shall review a report of the Nomination & Remuneration Committee concerning the Company's approach to Board and Executive compensation. <p>(9) ensure that the Company has in place procedures to enable effective communication with stakeholders; and</p> <ul style="list-style-type: none"> • The Board has adopted a Disclosure Policy for the Company. The Board, in conjunction with Executive Board, shall periodically review the Company's overall Disclosure Policy, including measures for receiving feedback from the Company's stakeholders, and Management's compliance with such policy. The Board shall, if advisable, approve material changes to the Company's Disclosure Policy. • The Company endeavors to keep its shareholders informed of its progress through an annual report, annual information form, quarterly interim reports and periodic press releases. In addition, the Company shall maintain on its website a contact email address that will permit shareholders to provide feedback
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	<p>directly to the Chair of the Board.</p> <ul style="list-style-type: none"> • The Board shall promote effective and timely communication with its stakeholders. The procedures in this regard should include how feedback received from its stakeholders is considered by the Company when making business decisions. <p>(10) ensure the integrity of the Company’s financial and non-financial reporting.</p> <ul style="list-style-type: none"> • The Board should ensure that there is a sound framework on corporate reporting, including financial and non-financial reporting. Due cognizance should be given to the disclosures on corporate governance, sustainability and other non-financial aspects. <p>Whilst the Board may appropriately delegate its authority to Board Committees or Management, it should not abdicate its responsibility and should at all-time exercise collective oversight of the Board Committee and Management.</p> <p>The Board should not delegate matters to Board Committee to an extent that would significantly hinder to reduce the Board’s ability to discharge its functions.”</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Practice 1.2

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

Application	: Applied
Explanation on application of the practice	<p>The Chairman is responsible for:</p> <p>(a) providing leadership for the board so that the Board can perform its responsibilities effectively;</p> <ul style="list-style-type: none">• ensures that the Board plays a full and constructive part in the determination of the Company's strategies and policies, and that Board decisions taken are in the Company's best interests and fairly reflect Board's consensus; and• ensures that procedures are in place to govern the Board's operations. <p>(b) setting board agenda and ensuring that Board members receive complete and accurate information in a timely manner (Clause 6.4);</p> <ul style="list-style-type: none">• plans the Board meeting agenda in advance alongside the Company Secretary and the Managing Director. Other directors and key members of Management may also be consulted;• ensures the provision of accurate, timely and clear information to the other directors; and• ensures all directors are properly briefed on issues arising at Board meetings in a timely manner. <p>(c) leading Board meetings and discussions;</p> <ul style="list-style-type: none">• ensures that adequate time is available for thorough deliberation of key issues; and• ensures that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board. <p>(d) encouraging active participation and allowing dissenting views to be freely expressed;</p> <ul style="list-style-type: none">• promotes a culture of openness and debate whilst ensuring that no one director dominates the discussions; and• obtains suggestions and comments from directors and encourages those who are less vocal to be more proactive in providing views. <p>(e) managing the interface between Board and Management;</p> <ul style="list-style-type: none">• acts as the main conduit between Management and the Board; and• develops a positive relationship with the Managing Director. <p>(f) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;</p>

	<ul style="list-style-type: none"> • acts as a spokesperson for the Board; and • acts as the main representative of the Company alongside the Managing Director at shareholders’ meetings and on other occasions where key or major actions are taken or statements are made in the name of the Company. <p>(g) leading the Board in establishing and monitoring good corporate governance practices in the company.</p> <ul style="list-style-type: none"> • leads the creation of an effective corporate governance system, including the establishment of Board and Committee Charters, a Committee structure and induction as well as ongoing education programmes for directors; and • oversees and facilitates Board, Committee and Board member evaluation reviews and successions planning alongside the Chairman of the Nomination & Remuneration Committee. <p>For the year under review, the Nomination & Remuneration Committee reported that all Directors have discharged their duties and responsibilities in an adequate and proper manner.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	It is stipulated in the Board Charter as such: "6.3 Chair of the Board The position of Chairman and Managing Director should be held by different individuals and the Chair of the Board shall be an independent and non-executive director." For 2018, the Board was chaired by Mr. Charlie Ong Chye Lee, a Senior Independent Non-Executive Director while Mr. Kao, De-Tsan also known as Ted Kao was the Managing Director of the Company before Mr. Chin Yau Meng succeeded him as the Managing Director on June 1, 2018.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>Para 8.2 of the Board Charter stated that:</p> <p>“The appointment and removal of the Company Secretary is subject to the approval of the Board. The Board recognizes the fact that the Company Secretary should be suitably qualified and competent Company Secretary to provided sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.”</p> <p>For the current financial year, the Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its functions. The Company Secretaries play an advisory role to the Board in relation to the Company’s constitution, Board’s policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries also ensure that deliberations at the Board and Board Committee meetings are well captured and minuted, and subsequently communicated to the relevant management for necessary action.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	: Applied
Explanation on application of the practice	: The followings Para in the Board Charter of the Company stipulated as such: "8.4.1 The Chairman will establish the agenda for each Board meeting. Each Director is free to suggest the inclusion of items on the agenda and is free to bring up, at any Board meeting, subjects that are not on the agenda for that meeting. The Company Secretary shall be responsible to draw up a detailed agenda and to the extent feasible, supporting documents and proposed resolutions, and circulate it at least five business days in advance before each meeting to the Board or Committee members. Directors should review these materials in advance of the meeting. Subject to any applicable notice requirements, Directors having items to suggest for inclusion on the agenda for future Board or Committee meetings should advise the Chairman well in advance of such meeting. 8.5.1 The Company Secretary shall minute the proceedings and resolutions of all Board and its Committee meetings. Upon conclusion of the meeting, all Directors shall ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board or Board Committee, including whether any director abstained from voting or deliberating on a particular matter. 8.5.2 Minutes of meetings shall be entered into the books within 14 days of the relevant meeting date. " The Board met four times in this financial year. A formal time schedule was pre-determined in advance. The Agenda and Board papers for each meeting were circulated at least five business days in advance before each meeting to the Board members to enable the Directors to review the papers in preparation for the meeting and to obtain further explanations, where necessary, in order to be briefed properly before the meeting. In addition to the Group performance discussed at the meeting, the Board also discussed, reviewed and decided the financial decision and annual plans, changes to Board or management and control structure of the Group, including strategies, key policies,

	<p>procedures and authority limits.-The Board and its committees were supplied with all necessary information to enable them to discharge their responsibilities efficiently and effectively.</p> <p>All decisions of the Board were duly recorded in the Board’s minutes and circulated in a timely manner.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Board Charter was established and made available on the Company website, outlining a framework designed to:</p> <ul style="list-style-type: none"> • enable the Board to provide strategic guidance for the Company and effective oversight of the management; and • clarify the respective roles and responsibilities of Board, Board committees, individual directors and the management in order to facilitate the Board and the management accountability to both the Company and its shareholders; and • ensure a balance of authority so that no single individual has unfettered powers; and • identify issues and decisions reserved for the Board. <p>The Board reviewed and assessed the adequacy of Board Charter in February 2018 and resolved that the Board Charter is in compliance with relevant rules and regulations promulgated by the regulatory body.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>UCHITEC is committed to the highest standards of ethical business conduct. The Directors and employees continue to adhere to the Code of Ethics of UCHITEC codified in the Employees' Handbook. The Code of Ethics is also available on the group website. The principles on which this Code rely are those that concern transparency, integrity, accountability and civic social responsibility.</p> <p>This Code is formulated to enhance the standard of corporate governance and behaviour with a view to achieve the following objectives:</p> <ul style="list-style-type: none"> • to establish standard of ethical conduct for Directors and employees based on acceptable belief and values that one upholds; and • to uphold the spirit of social responsibility and accountability of the Group in line with the legislations, regulations and guidelines governing it. <p>The code of conduct & ethics for the Directors is published on the Company's website.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	UCHITEC has introduced Whistle Blowing Policy to provide an avenue for all employees and stakeholders, to raise their concern about illegal or immoral conduct or behaviour in the Group to the Administrator without fear of reprisal. Informants are assured that their identity is kept confidential and their concern will be acted upon. Mr. Charlie Ong Chye Lee, the Independent Non-Executive Director of UCHITEC is appointed for the administration, revision, interpretation and application of this policy.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied
Explanation on application of the practice	:	Para 6.2 of the Board Charter stated that: “The Board must ensure that at least half of the Board of Directors, are Independent Directors.” For the year ended December 31, 2018, the Board consists of 3 Independent Non-Executive Directors and 3 Executive Director.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	<p>Mr. Charlie Ong Chye Lee's tenure on the Board reached a cumulative term of nine (9) years on June 30, 2017 respectively.</p> <p>The Nomination and Remuneration Committee (NRC), with Mr. Charlie Ong Chye Lee abstaining from the deliberation of their own assessment respectively, has assessed his independence and is satisfied that his length of service on the Board does not in any way interfere with his fiduciary duties in exercising due care in the best interest of the Company and minority shareholders.</p> <p>After considering the NRC's justification and recommendation, the Board intends to seek its shareholders' approval at this forthcoming Annual General Meeting to retain Mr. Charlie Ong Chye Lee as an Independent Non-Executive Director of the Company.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>It is stipulated in Para 6.4 of the Board charter that:</p> <p>“The Board adopts the Company’s Corporate Human Resource Policy to provide a diversity and equality work environment throughout the Company that is free of discrimination of any form whether based on an individual’s gender, race, ethnicity, age and religion. As such, the evaluation of the suitability of Board composition shall purely be based on the candidates’ competency, skills, character, time, commitment, knowledge, experience and other qualities in meeting the needs of the Company.”</p> <p>The Corporate Human Resource Policy is not applied only to Directors but throughout the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has set its target to achieve at least 20% of women directors and key senior management for 2018. During the year, there was 29% women representation on the board and key senior management.</p> <p>The Board through the Nomination and Remuneration Committee will consider the gender diversity as part of its future selection and will look into to maintain or increase female board and key senior management representation in year 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>During the year 2018, Mr. Chin Yau Meng and Mr. Lim Tian How were appointed as Executive Director and Independent Non-Executive Director respectively.</p> <p>Mr. Chin has vast working experience in manufacturing and supply chain management and has been working under Mr. Kao, De-Tsan also known as Ted Kao's guidance for over 20 years. The appointment of Mr. Chin Yau Meng was part of the Management Succession Plan to ensure leadership continuity.</p> <p>While due to lack of independent sources and time constraint, the Company did not fulfil Practice 4.6 in the appointment of Mr. Lim Tian How as Independent Non-Executive Directors.</p> <p>However, for the year under review, the Nomination & Remuneration Committee reported that the Board is adequately represented by a wide range of expertise from diverse backgrounds with core competencies in corporate, business acumen and analytical, legal and financial, engineering and production and the composition of the Board has a balance mix of executive, non-executive and independent members. The NRC also expressed that the Board Committees and individual Directors were able to discharge their duties and responsibilities in an adequate and proper manner.</p> <p>The Board is satisfied with the existing board structure, effectiveness and the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.</p> <p>The Company has incorporated Practice 4.6 into the Nomination & Remuneration Committee Charter 2018 which was approved by the Board of Directors on February 26, 2018.</p> <p>Para 6.5.2 of the Nomination & Remuneration Committee Charter stated as such:</p>

	<p>“In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The Nomination Committee may utilize the following independent sources to identify suitably qualified candidates:</p> <ul style="list-style-type: none"> • Directors’ registry (e.g. Institute of Corporate Directors Malaysia); • Industry and professional association; • Open advertisement • Independent search firm.” 	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>Para 5.2 of the Nomination and Remuneration Charter of UCHITEC stated as follow:</p> <p>“The Committee shall be appointed by the Board of Directors from amongst their members and comprising exclusively of Independent Directors. The Committee shall consist of not less than three (3) members.</p> <p>The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director or the Senior Independent Director.”</p> <p>During the year, the Nomination & Remuneration Committee was chaired by Mr. Charlie Ong Chye Lee, Senior Independent Non-Executive Director and comprised exclusively of Independent Non-Executive Directors, namely:</p> <p>Chairman : Charlie Ong Chye Lee, Senior Independent Non-Executive Director</p> <p>Members : Tan Boon Hoe, Independent Non-Executive Director Lim Tian How, Independent Non-Executive Director Dr. Heinrich Komesker, Independent Non-Executive Director (resigned on May 25, 2018)</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination & Remuneration Committee (NRC) was established to undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director.</p> <p>Summary of activities of the NRC in 2018 are as follows:</p> <ul style="list-style-type: none">• reviewed the required mix of skills of experience and other qualities, including core competencies, which Non-Executive Directors brought to the Board;• reviewed and recommended to the Board the re-election of Directors who retired in accordance with the Articles of Association;• reviewed and recommend to the Board for re-appointment of Director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years and to seek shareholders' approval at the forthcoming AGM;• assessed the independence of each of the existing Independent Directors with each director abstaining from deliberation on his own assessment;• assessed the Company's compliance with applicable laws and regulations relating to corporate governance and recommended to the Board;• Assessed the contribution of each individual Director in terms of skills, experience and other qualities, attendance in all Board meetings, Board Committee meetings and annual meeting of shareholders, willingness to rigorously prepare prior to each meeting, level of participation in the meeting, willingness to make himself/herself available to management upon required to provide advice and counsel, willing to develop a broad knowledge of both critical issues affecting the Company (including industry, technology and market specific information), ability to exercise independent judgment at all times, demonstration of high professionalism and integrity in decision-making process;• Reviewed and assessed the annual performance of the Board Committee and the effectiveness of the Board as a whole;• Reviewed and reassessed the adequacy of the Board Charter

	<p>including the evaluation criteria of recruitment and assessment of Directors.</p> <p>The assessment was administered using a set of questionnaires that contains both quantitative and open-ended questions, based on a self and peer rating assessment model. Further insights were gathered from respective Directors in order to corroborate the findings from the questionnaires. The outcome arising from the evaluation process was reviewed by the NRC and subsequent recommendations have been made to the Board for further improvement.</p> <p>For the year under review, the NRC reported that the Board is adequately represented by a wide range of expertise from diverse backgrounds with core competencies in corporate, business acumen and analytical, legal and financial, engineering and production and the composition of the Board has a balance mix of executive, non-executive and independent members. The NRC also expressed that the Board Committees and individual Directors were able to discharge their duties and responsibilities in an adequate and proper manner.</p> <p>The Board is satisfied with the existing board structure, effectiveness and the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>UCHITEC is committed to attracting and retaining the right talent in the Board and Senior Management in order to drive the Company's long-term objectives.</p> <p>As such, the Company has established the Remuneration policies and procedures in the Nomination and Remuneration Charter.</p> <p>The purpose of this remuneration policy is to establish a framework for remuneration that is designed to:</p> <ul style="list-style-type: none"> (a) ensure that coherent remuneration policies and practices are observed which enable the attraction and retention of Directors and Senior Management who will create value for shareholders; (b) fairly and responsibly reward directors and Senior Management having regard to the Company's performance, the performance of the Senior management and the general pay environment; and (c) comply with all relevant legal and regulatory provisions. <p>The Nomination and Remuneration Charter was reviewed in November 2018 and is available on the company's website.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee (NRC) is authorised by the Board to implement policies and procedures on remuneration policy. For 2018, the Committee comprised solely of Independent Non-Executive Directors, namely:</p> <p>Chairman : Charlie Ong Chye Lee, Senior Independent Non-Executive Director</p> <p>Members : Tan Boon Hoe, Independent Non-Executive Director Lim Tian How, Independent Non-Executive Director Dr. Heinrich Komesker, Independent Non-Executive Director (resigned on May 25, 2018)</p> <p>A primary purpose of the Committee is to ensure that the remuneration package of members of the Board and Board Committee are internally equitable, externally competitive, motivates the Board towards the achievement of business objectives and align their focus on the long-term business of the Company.</p> <p>For the year ended December 31, 2018, the NRC reviewed and recommended to the Board the Nomination & Remuneration Committee Charter and the remuneration package and other benefits extended to all Directors. Remuneration packages of Directors was decided by the Board as a whole with the Director concerned abstaining in deliberation and voting on decisions in respect of his / her individual remuneration.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.1

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

Application	: Applied				
Explanation on application of the practice	: The details of the remuneration of the Directors for the financial year ended December 31, 2018 are as follows: The Company				
		Salaries & Other Emoluments	Benefits-in-Kind	Share-Based Payment	Total
Category	Fees				
	RM '000	RM '000	RM '000	RM '000	RM'000
Kao, De-Tsan also known as Ted Kao	61	590	54	22	727
Kao, Te-Pei also known as Edward Kao	61	93	44	22	220
Chin Yau Meng	40	88	-	50	178
Charlie Ong Chye Lee	91	-	-	12	103
Tan Boon Hoe	91	-	-	25	116
Dr. Heinrich Komesker	33	-	-	-	33
Lim Tian How	36	-	-	42	78
Huang, Yen-Chang also known as	5	-	-	-	5

Stanley Huang					
Ow Chooi Khim	5	203	-	16	224
Total	423	974	98	189	1,684

The Group

Category	Fees	Salaries & Other Emoluments	Benefits-in-Kind	Share-Based Payment	Total
	RM '000	RM '000	RM '000	RM '000	RM'000
Kao, De-Tsan also known as Ted Kao	61	590	54	22	727
Kao, Te-Pei also known as Edward Kao	61	93	44	22	220
Chin Yau Meng	44	279	-	50	373
Charlie Ong Chye Lee	91	-	-	12	103
Tan Boon Hoe	91	-	-	25	116
Dr. Heinrich Komesker	33	-	-	-	33
Lim Tian How	36	-	-	42	78
Huang, Yen-Chang also known as Stanley Huang	5	196	-	15	216
Ow Chooi Khim	29	203	-	16	248
Total	451	1,361	98	204	2,114

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

Intended Outcome

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

Practice 7.2

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

Application	:	Departure										
Explanation on application of the practice	:											
Explanation for departure	:	<p>The Remuneration of Key Senior Management was not disclosed on a named basis due to confidentiality and sensitivity of each remuneration package.</p> <p>Alternatively, the remuneration of all key senior management of the Group for the financial year ended December 31, 2018 is disclosed in aggregate basis in band width of RM50,000 as follows:</p> <table border="1" data-bbox="544 1055 1286 1406"> <thead> <tr> <th>Range of Aggregate Remuneration</th> <th>Key Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM50,001 to RM100,000</td> <td>2</td> </tr> <tr> <td>RM100,001 to RM150,000</td> <td>2</td> </tr> <tr> <td>RM150,001 to RM200,000</td> <td>1</td> </tr> <tr> <td>RM200,001 to RM250,000</td> <td>2</td> </tr> </tbody> </table> <p>The disclosure of the remuneration of Key Senior Management in aggregate basis in band width of RM50,000 is adequate for stakeholders to assess the appreciable link between remuneration of Key Senior Management and the performance of the Group as a whole.</p>	Range of Aggregate Remuneration	Key Senior Management	RM50,001 to RM100,000	2	RM100,001 to RM150,000	2	RM150,001 to RM200,000	1	RM200,001 to RM250,000	2
Range of Aggregate Remuneration	Key Senior Management											
RM50,001 to RM100,000	2											
RM100,001 to RM150,000	2											
RM150,001 to RM200,000	1											
RM200,001 to RM250,000	2											
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>												
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.										
Timeframe	:	Choose an item.										

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Para 5.2 of the Audit Committee Charter stated that:</p> <p>“The Audit Committee shall be appointed by the Board of Directors on the recommendation of the Nomination Committee from amongst their members and comprising not less than three (3) members, all of whom shall be Independent Directors. An Independent Director shall be the one who fulfills the requirements as provided in the Listing Requirements of Bursa Malaysia Securities Berhad.”</p> <p>The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an Independent Non-Executive Director and shall not be the Chairman of the Board.”</p> <p>Mr. Tan Boon Hoe, was elected Chairman of the Audit Committee on September 1, 2016 while the Chairman of the Board is Mr. Charlie Ong Chye Lee.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Para 5.3 of the Audit Committee Charter stipulated as such:</p> <p>"Audit Committee Members' Qualification</p> <ul style="list-style-type: none"> • No alternate Director shall be appointed as a member of the Committee. • No Director may serve as member of the Audit Committee if such Director serves on the audit committee of more than two (2) other public companies unless the Board determines that such simultaneous service would not impair such director's ability to serve effectively on the Audit Committee. • A former ex-partner shall observe a cooling-off period of at least 2 years before being appointed as a member of the Audit Committee. • All member of the Audit Committee shall 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 shall undertake continuous professional development to keep themselves abreast of relevant development in accounting and auditing standards, practices and rules." <p>Mr. Tan Boon Hoe has retired as an audit partner in Deloitte Malaysia for more than two (2) years before he was elected as Audit Committee Chairman of UCHITEC on September 1, 2016.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board adopted the Auditors' Independence Policy which stipulated that external auditors must remain independent of the Company both in fact as well as in appearance. Generally, external auditors' independence is impaired when the external auditors provide services which:</p> <ul style="list-style-type: none"> • Create a mutual or conflicting interest between the external auditors and the Company; • Result in the external auditors functioning in the role of management; • Place the external auditors in the position of auditing its own work; • Place the external auditors in the position of being an advocate for the Company <p>Taking into account the auditors' statement on independence and the Audit Committee's own enquiries, the Audit Committee is satisfied with the suitability and independence of Deloitte PLT as external auditors and recommended to the Board the re-appointment of Deloitte PLT as auditors of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	For the year 2018, the Audit Committee comprised solely of Independent Directors, namely: Chairman : Tan Boon Hoe, Independent Non-Executive Director Member : Charlie Ong Chye Lee, Senior Independent Non-Executive Director Lim Tian How, Independent Non-Executive Director Dr. Heinrich Komesker, Independent Non-Executive Director (resigned on May 25, 2018)

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	Deriving from the annual performance evaluation carried out by the Nomination and Remuneration Committee, the Board is satisfied that the Audit Committee is adequately represented by a wide range of expertise from diverse backgrounds with core competencies in corporate, business acumen and analytical, legal and financial, engineering and production and were able to discharge their duties and responsibilities in an adequate and proper manner. In 2018, Audit Committee members attended conferences / seminars on areas relating to corporate governance, latest development on MFRS and national budget 2018.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility for establishing a sound system of internal control to safeguard shareholders' investment and Group's assets, and to provide reasonable assurances on the reliability of the financial statements. In addition, equal priority is given to financial controls, operational and compliance controls as well as risk management. While the internal control system is devised to cater for particular needs of the Group and the risk, such controls by their nature can only provide reasonable assurance but not absolute assurance against unintended material misstatement or loss.</p> <p>The Group has in place an on-going process and sound framework for identifying, evaluating, monitoring and managing the significant risks affecting the Group. The Board reviews the adequacy and integrity of the Group's system of internal controls on a continuous basis.</p> <p>Kindly refer Annual Report 2018 for the Committee Report and Statement on Risk Management & Internal Control incorporating report on risk management review, internal audit function and conclusion of the review.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	Refer Statement on Risk Management & Internal Control in Annual Report 2018.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	Refer Audit Committee Report in Annual Report 2018.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied	
Explanation on application of the practice	:	Refer Audit Committee Report and Statement on Risk Management and Internal Control in Annual Report 2018.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Para 5.1.1.5 of the Board Charter stated that it is the Board responsibilities to keep its shareholders informed of its progress through an annual report, annual information form, quarterly interim reports and periodic press releases. In addition, the Company shall maintain on its website a contact email address that will permit shareholders to provide feedback directly to the Chair of the Board.</p> <p>The Board values dialogue with investors and recognizes the importance of accountability to its shareholders through proper and equal dissemination of information to its shareholders. The Executive Director has regular dialogue sessions with institutional investors, fund managers and analysts to explain the Group's strategy, performance and major developments.</p> <p>The annual report, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.</p> <p>The Company maintains a corporate website at www.uchi.net which provides all relevant information about UCHITEC and is accessible by the public. This corporate website enhances the investor relation function by including share price information, all announcement made via Bursa LINK, annual reports as well as the corporate governance structure of the Company.</p> <p>Mr. Charlie Ong Chye Lee was appointed as Senior Independent Non-Executive Director on September 1, 2012. Through whom, stakeholders may convey their concerns pertaining to the Group via charles.ong6288@gmail.com.</p> <p>Corporate Disclosure Policy The Company adopted Corporate Disclosure Policy to ensure informative, timely and accurate disclosure of material information concerning the Company to the public. UCHITEC recognizes that individual investors deserve the same access to material information as institutional shareholders and analysts, and is committed to</p>

	<p>providing fair and equal access to such information through broadly disseminated disclosure.</p> <p>This Corporate Disclosure Policy deals with how UCHITEC and its employees handle material non-public information. It applies to all directors, officers and employees of UCHITEC and its operating subsidiaries (collectively, the “Employees”) and insiders (as defined in the Listing Requirements of Bursa Malaysia Securities Berhad). This disclosure policy does not apply to communications in the ordinary course of business not involving material information.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable as the Company is not a Large Company as of December 31, 2018.	
		In preparation of the Annual Report, due care and efforts are taken to ensure that all financial and non-financial information are inter connected and integrated to enable shareholders to make informed decision.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The notice of the Twentieth Annual General Meeting (AGM) held on May 24, 2018 was dispatched to the shareholders on April 24, 2018, which is more than 28 days before the AGM, so as to ensure the shareholders are given sufficient notice and time to go through the Annual Report and make the necessary attendance and voting arrangement.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	All Directors, the management and external auditors were in attendance to respond to shareholders' questions during the Twentieth Annual General Meeting held on May 24, 2018. The Board presented the progress and performance of the Group and encourages shareholders to participate in the "Questions and Answers" session.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 20th AGM was held at Evergreen Laurel Hotel, Georgetown Penang which is accessible by public transport.</p> <p>Each item of special business in the notice of meeting was accompanied by a full explanation of the effects of a proposed resolution.. Separate resolutions are proposed for substantially separate issues at the meeting and shareholders are encouraged to participate in the “Questions and Answers” session.</p> <p>Shareholders of the Company can vote in person or appoint a proxy to attend and vote on his/her behalf.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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