

CORPORATE GOVERNANCE REPORT

STOCK CODE : 8567
COMPANY NAME : SALCON 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 is fully responsible for formulating policies, setting business strategies and directions, making key business decisions and the overall performance of the Group.</p> <p>In order to create and promote clear understanding of the functions of the Board and Management; a Board Charter, which clearly sets out these functions, has been developed.</p> <p>To facilitate effective management, certain functions of the Board have been delegated to various Board Committees, which reviews and make recommendations to the Board on specific areas. There are currently five Board Committees appointed by the Board, namely:</p> <ul style="list-style-type: none">• Audit Committee (“AC”);• Nomination Committee (“NC”);• Remuneration Committee (“RC”);• Risk Management Committee (“RMC”); and• Sustainability Committee (“SC”) <p>The roles and responsibilities of the Board and Management are adequately established and communicated to ensure accountability. Management is responsible for the day-to-day operations of the Group's activities and for achieving corporate objectives and goals, set by the Board.</p> <p>Although specific powers had been delegated to the Board Committees, the Board keeps itself abreast with relevant key issues and decisions via presentation of Board Committee's reports and minutes of meetings.</p> <p>Additionally, the duties and responsibilities of the Board, Chairman and Executive Directors (“EDs”) are also set out in the Board Charter. The Board will periodically review the Board Charter and Terms of References (“TOR”) for the respective Board Committees and make necessary amendments to ensure consistency with the Board objectives.</p>

	<p>The latest review was conducted in 2018 and the amended version of Board Charter and TOR are available on the company’s website, www.salcon.com.my.</p> <p>The Board should assume, among others, the following responsibilities:</p> <ul style="list-style-type: none"> • together with Senior Management, promote good corporate governance culture within the company which reinforces ethical, prudent and professional behaviour; • review, challenge and decide on management’s proposals for the Company, and monitor its implementation by management; • ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability; • supervise and assess management’s performance to determine whether the business is being properly managed; • ensure there is a sound framework for internal controls and risk management; • understand the principal risks of the Company’s business and recognise that business decisions involve the taking of appropriate risks; • set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks; • ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of the Board and Senior Management; • ensure that the Company has in place procedures to enable effective communication with stakeholders; and • ensure the integrity of the company’s financial and non-financial reporting. 	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Dato' Seri (Dr.) Goh Eng Toon, the Non-Independent Non-Executive Director, is the Chairman of the Board and he leads the Board with dedication and focuses on compliance and good corporate governance practice.</p> <p>During the meetings, he encourages all members to actively participate in the meeting, for all matters raised for discussion. The Board also monitors various Board Committees' functions to ascertain effective performance of their responsibilities in accordance with their respective Term of Reference.</p> <p>Detailed key responsibilities of the Chairman of the Board are stated in the Board Charter which is available on the Company's website, www.salcon.com.my.</p> <p>During the financial year 2018, Dato' Seri (Dr.) Goh Eng Toon resigned from the Board on 31 December 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>Dato' Seri (Dr.) Goh Eng Toon, a Non-Executive Non-Independent Director, who is the Chairman of the Board, provides oversight over the Management and reflect the Company's commitment to uphold the corporate governance processes.</p> <p>Tan Sri Dato' Tee Tiam Lee and Dato' Leong Kok Wah are the Deputy Executive Chairman and Executive Director of the Company respectively. They are responsible for the overall business and the implementation of Board's policies and decision.</p> <p>Thus, there is a clear and distinct division of responsibilities between the Chairman and the Executive Directors to ensure that there is an appropriate balance of power, division of role, responsibility and accountability at the Board level.</p> <p>Their roles and responsibilities are stated in the Board Charter which is available on the Company's website, www.salcon.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by 2 qualified Company Secretaries who have extensive years of experience in corporate secretarial practice. One of the Company Secretaries is a member of Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) whilst the other is licensed by the Registrar of Companies.</p> <p>The main responsibilities of the Company Secretary are:</p> <ul style="list-style-type: none">• advise the Board on its roles and responsibilities;• facilitate the orientation of new directors and assist in directors’ training and development;• advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirement;• manage process pertaining to the annual shareholder meeting;• monitor corporate governance developments and assist the Board in applying governance practices to meet the board’s needs and stakeholders’ expectations; and• serve as a focal point for stakeholders’ communication and engagement on corporate governance issues. <p>The Board is satisfied with the performances and supports rendered by the Company Secretaries in assisting the Board in the discharge of their duties.</p> <p>The Company Secretaries have constantly kept themselves abreast of the regulatory changes and developments in corporate governance through attendance at relevant conferences and training programme.</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	:		
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Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>Recognising the importance of sound and timely information flow to the Board, the dates of meetings are scheduled and confirmed by the Board Members in advance.</p> <p>Notice of the meetings setting out the agenda is emailed to all Directors, at least seven (7) business days in advance. The same notice is then sent to the Management, including the deadline for submission of the management report. Upon receipt from the Management, the meeting materials will be circulated at least five (5) business days in advance of the meetings to all Directors for review.</p> <p>During the meeting, the Management presents the report / result / matters that need attention by the Board, including financial performance and current progress status of all projects for Board 's consideration, discussion and decision.</p> <p>All issues discussed and decision made during the meetings will be duly recorded in the Minutes of Meetings and be reviewed by the Board for completeness and accuracy. Thereafter, the Minutes of Meetings will be confirmed by the Board's and Board Committees' members and be approved by the Chairman.</p> <p>Senior Management, including Chief Operating Officer and Chief Financial Officer, are invited to attend the Board Meeting for the purpose of briefing and/or providing further clarifications on various matters submitted for Board's consideration, discussion and decision. Furthermore, the Directors are entitled to obtain independent professional advice at the expenses of the Company, if and when necessary, in discharging of their duties. This enables the Board to make informed decisions on corporate and business issues under consideration.</p> <p>When Directors are not able to attend a meeting, advance notice is given to the Board and Chairman.</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

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter was revised and approved by the Board in February 2018 to in line with the Malaysian Code on Corporate Governance (“MCCG”).</p> <p>The roles and responsibilities of the Board, Board Committees, Chairman, Executive Directors, Non-Executive Directors (“NEDs”), Independent Directors and Company Secretaries are set out in the Board Charter. There is also a Schedule of Matters Reserved for Collective Decision of the Board in the Board Charter.</p> <p>The Board Charter and the Terms of Reference for the Board Committees are available on the Company’s website, www.salcon.com.my.</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>The Board has adopted and implemented a Code of Ethics and Conduct (“COEC”) throughout the Group since year 2010. The COEC has been reviewed and revised in year 2017. The COEC applies to all employees including Directors, and adheres to a high ethical standard of Integrity, Objectivity, Confidentiality and Competency; while complying with all applicable laws and regulations that govern the Group’s businesses and activities.</p> <p>The COEC emphasizes ethical conduct in all aspects of the Groups’ activities including conflicts of interests, privacy and confidentiality of information. The COEC also sets out prohibited activities or misconducts; such as acceptance of gifts, corruptions, dishonest behaviour, sexual harassment, etc.</p> <p>The COEC is available on the Company’s website, www.salcon.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>There is a Whistle blowing reporting procedure to encourage transparency and accountability within the Group.</p> <p>The Board has established a Whistle-blowing Policy in 2012 to provide an avenue for all employees, vendors, contractors, suppliers, consultants, customers and stakeholders to raise concerns about any improper conduct within the Group, without fear of retaliation and to offer protection for the individual who report such allegations.</p> <p>Any employee or stakeholder who is aware that any improper conduct has been, is being, or is likely to be committed, is encouraged to report directly to the Audit Committee Chairman, via email to chansf8@yahoo.com.</p> <p>During the year, no report had been received pertaining to any misconduct from employees, management, public or stakeholders.</p> <p>The Whistle-blowing Policy is available on the Company's website, www.salcon.com.my.</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 4.1

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

Application	:	Applied																					
Explanation on application of the practice	:	<p>During the financial year 2018, the composition of the Board is as follows: -</p> <table border="1"> <tr> <td>1</td> <td>Dato' Seri (Dr.) Goh Eng Toon (resigned on 31 December 2018)</td> <td>Non-Independent Non-Executive Director</td> </tr> <tr> <td>2</td> <td>Tan Sri Dato' Tee Tiam Lee</td> <td>Executive Deputy Chairman</td> </tr> <tr> <td>3</td> <td>Dato' Leong Kok Wah</td> <td>Executive Director</td> </tr> <tr> <td>4</td> <td>Dato' Choong Moh Kheng</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>5</td> <td>Dato' Rosli bin Mohamed Nor (appointed as director on 2 July 2018)</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>6</td> <td>Dato' Dr. Freezailah bin Che Yeom (resigned on 5 April 2018)</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>7</td> <td>Chan Seng Fatt</td> <td>Independent Non-Executive Director</td> </tr> </table> <p>The Board's composition has fully complied with Paragraph 15.02 of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements"), for Independent Non-Executive Directors to make up at least one third (1/3rd) of the Board membership.</p> <p>The existing composition further fulfilled the MCCG Practice 4.1; with at least half of the board comprises independent directors. The Board is satisfied with the current Board composition and believes it will achieve the promotion of shareholders' interest and effective governance of the business. The biographical particulars of Directors are set out in the Profile of Board of Directors in the 2018 Annual Report.</p>	1	Dato' Seri (Dr.) Goh Eng Toon (resigned on 31 December 2018)	Non-Independent Non-Executive Director	2	Tan Sri Dato' Tee Tiam Lee	Executive Deputy Chairman	3	Dato' Leong Kok Wah	Executive Director	4	Dato' Choong Moh Kheng	Independent Non-Executive Director	5	Dato' Rosli bin Mohamed Nor (appointed as director on 2 July 2018)	Independent Non-Executive Director	6	Dato' Dr. Freezailah bin Che Yeom (resigned on 5 April 2018)	Independent Non-Executive Director	7	Chan Seng Fatt	Independent Non-Executive Director
1	Dato' Seri (Dr.) Goh Eng Toon (resigned on 31 December 2018)	Non-Independent Non-Executive Director																					
2	Tan Sri Dato' Tee Tiam Lee	Executive Deputy Chairman																					
3	Dato' Leong Kok Wah	Executive Director																					
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7	Chan Seng Fatt	Independent Non-Executive Director																					
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	:		
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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	:	Not applicable - No independent director(s) serving beyond 9 years
Explanation on application of the practice	:	<p>The Board is aware of the recommendation of the MCCG on limiting the tenure of an Independent Director to nine (9) years of service.</p> <p>During the financial year under review, no Independent Directors' tenure exceeded a cumulative term of nine (9) years.</p> <p>The Nomination Committee assessed the independence of the Independent Directors on an annual basis under the criteria prescribed under Bursa Securities Listing Requirements and the Corporate Governance Guide issued by Bursa Securities.</p> <p>None of the Independent Directors disclosed any relationship and/or transactions that could possibly materially interfere with their independent judgements and decision.</p> <p>The Board is satisfied with the level of independence demonstrated by the Independent Directors.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has an experienced Board with extensive experience and diversified background.</p> <p>The Company Directors are professionals in the fields of construction and engineering, finance and accounting, legal, insurance, hotel management and property investment. With this composition, they bring wide range of competencies, capabilities, knowledge and technical skills, to ensure the Group remain competitive among other competitors.</p> <p>The appointment to the Board is based on objective criteria, merit, contribution and with due regard for diversity in skills and experience. The Nomination Committee is delegated with the responsibility of assessing and recommending to the Board, suitable candidates for appointment as director and Senior Management, after taking into consideration the candidates' background capabilities, expertise, experience, character, integrity and professionalism.</p> <p>During the financial year 2018, there were changes to the Board's composition as follows: -</p> <p>Appointment of the following Director to the Board, namely: -</p> <ul style="list-style-type: none">• Dato' Rosli bin Mohamed Nor – Independent Non-Executive Director on 2 July 2018. <p>His profile is set out in the 2018 Annual Report.</p> <p>Resignation of the following Directors from the Board, namely: -</p> <ul style="list-style-type: none">• Dato' Dr. Freezailah bin Che Yeom – Independent Non-Executive Director on 5 April 2018; and• Dato' Seri (Dr.) Goh Eng Toon (Chairman of the Board) – Non-Independent Non-Executive Director on 31 December 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

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 recognizes the benefit of diversity in the Board's spectrum, hence has adopted the Board Diversity Policy (which includes the gender policy) and it is available for review on the Company's website, www.salcon.com.my.</p> <p>The Board still in the midst of identifying suitable female candidate as potential Director. The policy states that the Company target to identify a suitable female candidate for appointment as director by 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	:	Within 1 year	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through the Nomination Committee (“NC”), will review the suitability of the potential candidates prior to the appointment as Board members.</p> <p>The criteria that the NC took into the consideration, includes but not limited to; the background capabilities, expertise, experience, character, integrity and professionalism. The final decision as to which suitable candidate shall be nominated remains the responsibility of the full Board after considering the recommendations of the NC. Selection of potential candidates for appointment as Directors; is facilitated through recommendations from existing Directors and / or external parties.</p> <p>The NC meets with shortlisted candidates to assess their suitability prior to any recommendations, taking into account:</p> <ul style="list-style-type: none">• The candidate’s independence, especially for the appointment of an Independent NED;• The composition requirements for the Board or Committee;• The candidate’s track records, skills, knowledge, expertise, experiences, professionalism, integrity, capabilities, and any other relevant factors that would contribute positively to the Board; and• Time commitments to the Company if the candidate has board representations with multiple companies. <p>During the year 2018, the appointment of Director is from the recommendations of the existing Board’s members.</p> <p>Kindly refer to Practice 4.4 for the detail of Director’s appointment for the financial year 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee comprises majority of Independent Directors, namely: -</p> <p><u>Chairman:</u> Mr. Chan Seng Fatt (Independent Non-Executive Director)</p> <p><u>Members:</u> Dato' Choong Moh Kheng (Independent Non-Executive Director) Dato' Rosli bin Mohamed Nor (Independent Non-Executive Director) (Appointed on 31 December 2018) Dato' Seri (Dr.) Goh Eng Toon (Non-Independent Non-Executive Director) (Resigned on 31 December 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 annual evaluation, in the form of self and peer evaluation, are conducted by the Nomination Committee (“NC”), on the effectiveness of the Board as a whole, Board Committees, contribution of each individual Director and independence of Independent Directors as well as Senior Management.</p> <p>The NC conducted the performance assessment with the assistance of internal secretarial team, via the evaluation form, for year 2018 on 28 February 2019. The areas of reviews include:</p> <ul style="list-style-type: none">• Assessing the composition of the Board and its Committees to ascertain compliance with Listing Requirements. All members are equipped with applicable expertise to improve the quality of decision making;• Assessing the adequacy of the information submitted by Management. The members are provided sufficient time to review and challenge information in order to make quality decisions;• Assessing the interactions and participations by Board members when reviewing and discussing business matters;• Reviewing the mix of skills and experiences of Board members which includes; knowledge of legal, corporate governance, financial literacy, engineering, environmental, management, marketing, and etc;• Assessing the independence of Independent Directors;• Character and integrity in dealing with potential conflict of interest situation; and• Performances of Senior Management. <p>Subsequent to the reviews/evaluations, the result will be summarized and recommended to the Board for review and notation.</p> <p>For year 2018, based on the results of assessment conducted, the Board is satisfied with the performance of the Board, Board Committees, individual directors and Senior Management, the level of independence demonstrated by all Independent NEDs and their abilities to act in the best interests of the Company during deliberations at the Board and Board Committee meetings.</p> <p>All evaluations carried out by the NC in discharging of its functions</p>

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

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board via the Remuneration Committee ("RC"), implements the policies and procedures on the recommendation and review of the remunerations for Board members and Senior Management.</p> <p>The Board believes that competitive remunerations enable the Company to attract, retain and motivate the Directors and Senior Management. The remuneration packages are aligned to corporate objectives and take into consideration the complexity of the Company's business operations with reference to an individual's responsibilities and achievements.</p> <p>Additionally, the Board also ensure that remunerations for Independent Directors; are not in conflict with their obligations to bring objectivity, professionalism and independence of opinions on matters discussed at Board meetings.</p> <p>The Terms of Reference of the RC is available on the Company's website, www.salcon.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee ("RC") comprises entirely of Non-Executive Directors, namely: -</p> <p><u>Chairman</u> Mr. Chan Seng Fatt (Independent Non-Executive Director) (Re-designated from Member to Chairman of RC on 31 December 2018) Dato' Seri (Dr.) Goh Eng Toon (Non-Independent Non-Executive Director) (Resigned on 31 December 2018)</p> <p>Members: Dato' Choong Moh Kheng (Independent Non-Executive Director) Dato' Rosli bin Mohamed Nor (Independent Non-Executive Director) (Appointed on 31 December 2018)</p> <p>The main responsibility of the RC is to review and recommend to the Board the framework of Executive Director's remuneration package, including the benefit in kind, fees payable to the Non-Executive Directors, and Senior Management. The aim of the RC is to ascertain the remuneration package for Directors' and Senior Management remains competitive, motivates good performance, remains loyalty, and continue to protect shareholders' value.</p> <p>The RC's meeting was held on 27 February 2018, with full attendance of its members to discuss on the remuneration package for financial year ending 2018. The review and discussion held to discharge their duties were properly recorded in the minutes of meeting. The Terms of Reference of RC is available on the Company's website, www.salcon.com.my.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 7.1

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

Application	:	Applied																																																																								
Explanation on application of the practice	:	<p style="text-align: center;">The Directors' remuneration packages for the Company and the Group for the financial year ended 2018</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: center;">@</th> <th style="text-align: center;">#</th> <th style="text-align: center;">#</th> <th style="text-align: center;">@</th> <th style="text-align: center;">@</th> <th style="text-align: center;">@</th> <th style="text-align: center;">@</th> </tr> <tr> <th style="text-align: left;">Directors' remuneration</th> <th style="text-align: center;">Dato' Seri (Dr.) Goh Eng Toon RM</th> <th style="text-align: center;">Tan Sri Dato' Tee Tiam Lee RM</th> <th style="text-align: center;">Dato' Leong Kok Wah RM</th> <th style="text-align: center;">Dato' Dr. Freezailah bin Che Yeom RM</th> <th style="text-align: center;">Dato' Choong Moh Kheng RM</th> <th style="text-align: center;">Dato' Rosli Bin Mohamed Nor RM</th> <th style="text-align: center;">Chan Seng Fatt RM</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td style="text-align: right;">-</td> <td style="text-align: right;">953,880.00</td> <td style="text-align: right;">749,484.00</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Bonus</td> <td style="text-align: right;">-</td> <td style="text-align: right;">154,350.00</td> <td style="text-align: right;">121,276.00</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Fees</td> <td style="text-align: right;">100,000.00</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">18,219.18</td> <td style="text-align: right;">70,000.00</td> <td style="text-align: right;">35,095.89</td> <td style="text-align: right;">70,000.00</td> </tr> <tr> <td>Meeting allowances</td> <td style="text-align: right;">8,500.00</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">2,500.00</td> <td style="text-align: right;">3,500.00</td> <td style="text-align: right;">2,500.00</td> <td style="text-align: right;">5,500.00</td> </tr> <tr> <td>Benefits-In-Kind</td> <td style="text-align: right;">-</td> <td style="text-align: right;">124,781.52</td> <td style="text-align: right;">124,390.74</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Statutory Contribution</td> <td style="text-align: right;">-</td> <td style="text-align: right;">132,990.00</td> <td style="text-align: right;">104,493.00</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">108,500.00</td> <td style="text-align: right; border-top: 1px solid black;">1,366,001.52</td> <td style="text-align: right; border-top: 1px solid black;">1,099,643.74</td> <td style="text-align: right; border-top: 1px solid black;">20,719.18</td> <td style="text-align: right; border-top: 1px solid black;">73,500.00</td> <td style="text-align: right; border-top: 1px solid black;">37,595.89</td> <td style="text-align: right; border-top: 1px solid black;">75,500.00</td> </tr> </tbody> </table> <p style="margin-left: 40px;">@ - Received from the Company # - Received from the Group</p>		@	#	#	@	@	@	@	Directors' remuneration	Dato' Seri (Dr.) Goh Eng Toon RM	Tan Sri Dato' Tee Tiam Lee RM	Dato' Leong Kok Wah RM	Dato' Dr. Freezailah bin Che Yeom RM	Dato' Choong Moh Kheng RM	Dato' Rosli Bin Mohamed Nor RM	Chan Seng Fatt RM	Salary	-	953,880.00	749,484.00	-	-	-	-	Bonus	-	154,350.00	121,276.00	-	-	-	-	Fees	100,000.00	-	-	18,219.18	70,000.00	35,095.89	70,000.00	Meeting allowances	8,500.00	-	-	2,500.00	3,500.00	2,500.00	5,500.00	Benefits-In-Kind	-	124,781.52	124,390.74	-	-	-	-	Statutory Contribution	-	132,990.00	104,493.00	-	-	-	-		108,500.00	1,366,001.52	1,099,643.74	20,719.18	73,500.00	37,595.89	75,500.00
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Intended Outcome

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

Practice 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	To avoid any potential controversy within the Company while maintaining harmony amongst management and employees, besides respecting Senior Management's privacy and confidentiality of their information; the Board had decided not to disclose the details of Senior Management's remuneration packages and detailed remuneration of each member of Senior Management on a named basis as required under Practice 7.3.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ("AC") comprises majority of Independent Non-Executive Director, namely:-</p> <p><u>Chairman</u> Mr. Chan Seng Fatt (Independent Non-Executive Director)</p> <p><u>Members</u> Dato' Choong Moh Kheng (Independent Non-Executive Director) (Appointed on 5 April 2018, resigned on 2 July 2018 and re-appointed on 31 December 2018) Dato' Rosli bin Mohamed Nor (Independent Non-Executive Director) (Appointed on 2 July 2018) Dato' Seri (Dr.) Goh Eng Toon (Non-Independent Non-Executive Director) (Resigned on 31 December 2018) Dato' Dr. Freezailah bin Che Yeom (Independent Non-Executive Director) (Resigned on 5 April 2018)</p> <p>The AC has complied with the Para 15.10 of the Bursa Securities Listing Requirements, whereby the members of the Committee must elect a chairman among themselves who is an independent director.</p> <p>The AC's Chairman, Mr. Chan Seng Fatt, is not the Chairman of the Board.</p> <p>The Chairman is responsible to ensure the overall effectiveness and independence of the AC. The AC under the leadership of the Chairman, will also ensure that:</p> <ul style="list-style-type: none">• They are fully informed on all significant matters related to the Group's audit and financial statements;• Prompt action will be taken to address the matters;• They communicate their concerns, views and insights on relevant transactions and events to both internal and external auditors;• They express their concerns on any potential impacts to the financial or audit of the Group to the external auditors; and• There is coordination between internal and external auditors.
Explanation for departure	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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>In order to safeguard the independence and objectivity of the audit process, and to avoid potential influence over the audit and preparation of the Group's financial statement, MCCG requires a policy be put in place to require a former key audit partner to observe a cooling-off period of at least 2 years, prior being appointed as member of the Audit Committee ("AC").</p> <p>The Company did not appoint former key audit partner as the member of AC.</p> <p>The above policy is adopted and reflected in the Terms of Reference of the Audit Committee, which is available on the Company's website, www.salcon.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	: Applied
Explanation on application of the practice	<p>The Audit Committee ("AC") has the responsibility to assess the capabilities and independence of the External Auditors ("EA"), and make subsequent recommendation to the Board on the appointment, re-appointment, removal or termination of EA.</p> <p>The effectiveness, performance and independence of the EA, Messrs KPMG PLT ("KPMG"), is reviewed annually by the AC.</p> <p>During the annual assessment, the AC will consider:</p> <ul style="list-style-type: none">• Competence, audit quality and resource capacity of the EA in relation to the audit;• Nature and extent of audit and non-audit services rendered, inclusive of appropriateness of level of fees;• Written assurance from EA confirming their independence throughout conduct of the audit including all level of professional and regulatory requirements. <p>Such evaluation criterion has been incorporated in the Term of Reference of the AC, which is made available on the Company's website, www.salcon.com.my.</p> <p>KPMG has been appointed as the EA since 2003, and have given written confirmation that they are independent in providing both audit and non-audit services.</p> <p>The AC has on 28 February 2019, reviewed the suitability and independence of KPMG, and is satisfied with the performance and independence of KPMG. Thus, the AC has recommended to the Board to table the re-appointment of KPMG as EA of the Company at the forthcoming 16th Annual General Meeting for shareholders' approval.</p> <p>During the financial year, KPMG attended two (2) out of five (5) AC meetings, to discuss their audit plan, findings and financial statements. KPMG further highlighted the matters that required AC's attention and remedial actions that are to be undertaken within an appropriate time frame.</p>

	<p>During the financial year 2018, the EA met the AC twice without the presence of the Executive Directors and employee, to provide objective feedback on any issues of concern and pertinent matters.</p> <p>The AC has considered the provision of non-audit services by the EA, and concluded that these services did not compromise with their independence and objectivity; as compared to the total audit fees, the amount of the non-audit fees paid were not significant.</p> <p>The audit and non-audit fees incurred for service rendered by the EA to the Group for the financial year ended 2018 was RM 599,000 and RM 35,000 respectively.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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	:	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 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ("AC") possesses various knowledge and wide range of necessary skills in order to discharge their fiduciary duties.</p> <p>All members of the AC are able to understand financial information. The Chairman is a Chartered Accountant with the Malaysian Institute of Accountants. Thus, the Company has complied with Paragraph 15.09(1)(c)(i) of Bursa Securities Listing Requirements.</p> <p>All members of the AC had undertaken professional development (i.e. training courses) to keep themselves abreast with requirements and standards; especially on changes in regulatory requirements.</p> <p>The details of development courses attended during the financial year under review are set out on page 85-86 of the 2018 Annual Report.</p> <p>The AC has further reviewed applicable related party transactions within the Group in order to ascertain that transactions were at arms-length, not detrimental to the interest of the minority shareholders and were in the best interest 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

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 is ultimately responsible for all aspects of the Group's internal controls. Thus, the Board has established a sound system of internal controls and risk management framework.</p> <p>The Risk Management and Internal Control framework details processes, procedures and controls for financial, operation and compliances and risk management. The internal controls which are embedded into the operations of the Group, had been in place and practiced throughout the year.</p> <p>The Board, as assisted by the Risk Management Committee ("RMC") and the Risk Management Working Group ("RMWG"); identified and evaluated applicable potential risks, determined the Group's level of risk tolerance and applicable actions to mitigate the identified risks, in order to safeguard the Group's shareholders' investments and assets.</p> <p>Details of the risk management framework, internal control system and activities carried out, are set out in the Statement of Risk Management & Internal Control ("SORMIC") on page 80-84 of 2018 Annual Report.</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	:	Details of the risk management framework, internal control system and activities carried out, are set out in the Statement of Risk Management & Internal Control ("SORMIC") on page 80-84 of 2018 Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is carried out by an in-house internal audit department under Internal Audit and Risk Management Department (“IARMD”). The IARMD functionally report directly to the Audit Committee and administratively to the Chief Operating Officer, providing feedback in managing the key risks and ascertaining the adequacy and integrity of the Group’s internal control and risk management system.</p> <p>The AC approved the 2018 audit plan and the scope of work on 22 November 2017. On 28 February 2019, the AC evaluated the performance of internal audit function for the year 2018.</p> <p>The information on the Audit Committee’s assessment on the internal audit functions is available in the Statement of Risk Management and Internal Control (“SORMIC”) and Audit Committee Report of 2018 Annual Report.</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 have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit and Risk Management Department (“IARMD”) carried out the internal audit review in accordance with ISO 31000 standards on Risk Management Process.</p> <p>IARMD comprises a total of five (5) staffs, with the composition of an Assistant Manager for Internal Audit, an Assistant Manager for Risk Management, two (2) Senior Executives and a clerical staff. None of the staff has any family relationship with the Directors or Company which could result in the conflict of interest and/or impairment of the objectivity and independence during the internal audit review. If independence or objectivity is impaired, the details of the impairment shall be disclosed to the Audit Committee.</p> <p>During the year, the internal auditors attended trainings to keep abreast with developments in the profession, relevant industry and regulations.</p> <p>Mr. Ng Ping Fong, the Assistant Manager for Internal Audit, joined the Company on 18 July 2012. He holds a Bachelor of Degree (Honors) in Accounting from University of Hertfordshire and a fellowship with ACCA. He is also a professional member of the Institute of Internal Auditors Malaysia.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has a wide range of stakeholders who are interested in the Group's business strategies, corporate directions and operation activities. Thus, the Group wishes to establish strong relationships via different platforms. The purpose is to understand the stakeholders' needs and to communicate in a very transparent manner.</p> <p>The Board reviews and approves all quarterly and other important announcements prior public release. The Group announces its quarterly and full-year results within the mandatory period. The information is publicly released via Bursa Link or on the Company's website on timely basis to ensure effective dissemination of information related to the Group by the Company Secretary or Corporate Affair Department ("CAD"). The Company had set up an alternate channel via Facebook to reach out to a broader range of public, shareholders and interested parties.</p> <p>To ensure that communications to the public are timely, factual, accurate and complete, the Communications Policy was established to outline the principles and practices in any communications between the company with internal/external stakeholders, obligatory disclosures and media.</p> <p>The Policy further details authorised spokesperson(s) who are approved to discuss the Company matters with news media, investment communities or industry analysts.</p> <p>The Company's CAD monitors applicable platforms on a daily basis and directs all enquiries to the relevant subsidiaries, divisions or departments for ensuring that all enquiries are responded to, soonest possible.</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

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	:	MCCG encourages large Companies to adopt integrated reporting, based on a globally recognized framework; so that concise communication about a company's strategy, performance, governance and prospects could lead to value creation, while promoting integrated relationship between various operating/functional units.	
		Salcon will keep this guidance in view for future adherence.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board wishes to encourage all shareholders to attend and actively participate in the Annual General Meeting (“AGM”), for the purpose of raising relevant queries pertaining to the Group’s business activities. All Directors, Chief Operating Officer, Chief Financial Officer and External Auditor will attend the AGM to interact with the shareholders.</p> <p>The Notice for AGM also outlines resolutions to be tabled for decision during the AGM, with detailed explanatory notes. It is essential that the notice of AGM is to be provided to shareholders in a timely manner; allowing them to have sufficient time to consider the resolutions, prior decided in the AGM.</p> <p>Thus, the Annual Report inclusive of Audited Financial Statements and the notice of AGM accompanying proxy form; are sent to shareholders at least twenty-eight (28) days before the AGM.</p> <p>Additionally, the notice of the AGM is also advertised in a major local newspaper.</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

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	:	<p>The Board acknowledged their responsibility and stewardship to all shareholders with continuously engagement and communicate directly during the Annual General Meeting (“AGM”).</p> <p>All Directors, including the Senior Management and External Auditors, attended the 15th AGM and Extraordinary General Meeting (“EGM”) held on 27 June 2018 to provide meaningful response to questions addressed to them.</p> <p>The Chairman also encouraged shareholders to raise questions pertaining to the Company’s financial statements and proposed resolutions during the AGM and EGM, before putting resolutions to vote.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>MCCG encourages the Company to leverage on information technology for electronic voting and remote shareholders' participation, especially for those listed companies with large number of shareholders.</p> <p>Currently, the Company is yet to be ready for leveraging on information technology. The Company does encourage shareholders to physically attend the Annual General Meeting and it has always been held at a venue which is easily accessible. The Board is of the belief that direct interaction with shareholders, will foster closer relationships among each other as well as with the Company and Management.</p>	
<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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