

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7090 AHEALTH
COMPANY NAME : APEX HEALTHCARE BERHAD
FINANCIAL YEAR : December 31, 2017

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 of Directors is elected by the shareholders and is the highest decision-making body of the Company other than a general meeting of the shareholders themselves. The Board of Directors is responsible for providing stewardship and oversight of management and operations of the Company. The key roles of the Board are set out in the Board Charter, which is available at www.apexhealthcare.com.my.</p> <p>The Board is responsible for providing leadership and setting the strategic aims of the Company that will ensure long-term sustainability. The Board considers, reviews, challenges and approves the strategic multi-year plan proposed by Management. Specifically, the Board reviews and challenges Management's proposal on strategic business plans for each business unit annually or more frequently should the need arises. A Board Strategy Forum was held in August 2017 for the Board to review, challenge and approve Management's proposal on the strategic plans for the Company for 2018.</p> <p>The Board meets quarterly and tracks targets in the furtherance of strategic and other plans to ensure that they align with the long-term objectives of the Company. During the financial year ended 31st December 2017, in addition to the Board Strategy Forum which was dedicated exclusively for review of Management's strategic plans for the Company, the Board met on 23rd February, 17th May, 16th August and 14th November to review quarterly performance and ensure that the strategic direction of the Company continues to support long-term value creation and interests of its shareholders and other stakeholders. For the perusal of Board members, Monthly Management Reports are made available upon request.</p> <p>The Core Values of the Apex Healthcare Group "Service, Quality and Integrity" form the bedrock upon which the Group functions. These Core Values were instituted by the Founder of the Company and remain true to this day. The Board sets the "tone from the top" and together with Senior Management, promotes a culture of corporate governance that reinforces ethical and</p>

	professional behaviour premised on the Company's Core Values. The Board ensures that the Core Values are upheld at all times by the Company in its business dealings and in its relationship with shareholders and other stakeholders.	
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 1.2

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	:	The roles of the Chairman are enshrined in the Board Charter which include chairing general meeting of shareholders, representing the Board to the shareholders and communicating the Board's position, leading the Board by facilitating constructive discussion and debate during Board meetings, determining in consultation with Management the agenda for the Board's deliberations and ensuring that the Board and its Committees are fully supplied with the information and resources necessary to discharge its duties effectively. The review of Board responsibilities and effectiveness is conducted by the Board periodically. To better define the roles of the Chairman in enhancing Board leadership in its implementation of good corporate governance practices, an update of the roles of the Chairman was made on 22nd February 2018. The Board Charter has been updated accordingly in line with the revision.
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 :	Departure	
Explanation on application of the practice :		
Explanation for departure :	<p>The Board acknowledges that the CEO, being also the representative of the largest shareholder, confers the advantage of shareholder leadership and enjoys the support and cooperation of the Directors. The Independent Directors are of the opinion that he is well qualified and best positioned to align all interests to create a high functioning Board in the additional capacity as Chairman of the Board.</p> <p>Although the functions of Chairman and CEO are currently combined, the Board is of the opinion that no single person has excessive powers of decision as:</p> <ul style="list-style-type: none"> • the Board is collectively responsible and accountable for meeting the objectives and goals of the Company; • Board decisions are dependent on the consensus of the Directors, who take an active interest in all major and strategic decisions of the Group; • four of the seven Board members are independent, and supply a strong independent element to the decision-making process; • the Senior Independent Director avails himself to address shareholders' concerns and is a useful counterbalance in decision-making; and • no single shareholder controls an absolute majority of the voting shares, and while Non-Independent Directors enjoy a good degree of consensus as to the best interests of the Company, agreement is not regarded as a foregone conclusion. <p><u>Alternative Practice:</u> For the reasons stated above, the Board is satisfied that the alternative practice of combining the functions of Chairman and CEO meets the Intended Outcome as the Board assumes responsibility for the Company's leadership and is collectively responsible and accountable for meeting the objectives and goals of the company. Further, at all meetings of the Board of Directors, the Board elects one of its members, other than the Chairman, to be the Chairman of the meeting, thus avoiding any unfettered power of decision-making in any one individual.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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	:	It is the Board's responsibility to appoint and retain the services of a suitably qualified and competent Company Secretary to advise and support the Board in carrying out its roles and responsibilities. In addition to the internal Company Secretary, currently the Group's Financial Controller, the Board has also appointed an external Joint Company Secretary in order to deepen availability of resources and experience. The Company Secretaries are qualified by virtue of Section 235(2) of Companies Act 2016 and information of their membership with relevant professional bodies can be found in Corporate Information of the Annual Report. The Company Secretaries advise and support the Board on governance matters and ensure that there is an effective system of corporate governance in place. The Company Secretaries also assure compliance with filing and administrative requirements and assume an important role in guiding the Board on statutory compliance. On a regular basis, they attend training and seminars conducted by the Companies Commission of Malaysia, the Malaysian Institute of Chartered Secretaries and Administrators and Bursa Malaysia Securities Berhad and other relevant regulatory bodies to keep abreast with the relevant updates on statutory and regulatory requirements.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>Directors have comprehensive and timely access to information concerning the Company and the Group. Notice of Board meetings and Board papers with supporting documents, presentations and materials detailing Group performance and operational, financial and corporate matters are circulated to Directors at least five business days in advance of Board meetings to ensure that Directors have sufficient time to study them and be prepared for discussion. Comprehensive minutes of Board meetings which accurately reflect the deliberations and decisions of the Board are maintained and circulated to the Directors in a timely manner. Formal channels are usefully augmented and supplemented by regular informal dialogue between non-executive members of the Board and Management on matters relating to the Company's business. Directors are entitled to request and receive supplementary information in order to be fully briefed before the meeting.</p> <p>Directors have access to the advice and services of the Company Secretaries and the Senior Management staff in the Group, and are entitled to seek independent professional advice at the Company's expense through an agreed procedure in the proper discharge of their duties as spelt out in the Board Charter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

- 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 has established a Board Charter, which is designed to provide guidance and clarity for Directors and Management with regards to the role of the Board and its Committees, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the Board's operating practices. The Board Charter serves as a reference point for Board activities and promotes high standards of corporate governance, and is available at the Company's website: www.apexhealthcare.com.my. Among the matters set out in the Board Charter are the role and responsibilities of the Board and CEO, setting of corporate objectives, establishment of performance targets and long-term goals of the Company to be met by the CEO. The Board Charter explicitly specifies that the Board's role includes oversight and appraisal of the Company's strategies and policies and monitoring Management's implementation of them. The Board Charter also specifies matters reserved exclusively for Board's approval including limitation of management's authority to relevant responsibilities.</p> <p>The Board reviews its Board Charter periodically and updates the Board Charter in line with the changes in regulations and best practices of the Group that may impact the Board in the discharge of its responsibilities. With the promulgation of Malaysian Code on Corporate Governance which further strengthens the corporate governance framework, the Board has undertaken a deeper review of the Board Charter and has endorsed a revision on 22nd February 2018. In the latest revision, the Board Charter was updated to further prescribe the roles of the Chairman in instilling good governance practices, leadership and effectiveness of the Board as elaborated in Practice 1.2; and to also incorporate the roles of Senior Independent Director as a sounding board for the Chairman; an intermediary for other Directors when necessary; and the point of contact for shareholders and other stakeholders.</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 3.1

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 Core Values of the Apex Healthcare Group namely "Service, Quality and Integrity" have been enshrined in the Group's Code of Conduct. Individual operating subsidiaries have more detailed Employee Handbooks which specify detailed obligations of employees. These are contractual obligations and are drawn up to meet the specific needs of the businesses and the legal requirements of the countries in which the businesses are based. The Code of Conduct is available at the Company's website: www.apexhealthcare.com.my</p> <p>The Group values integrity in its dealings and observes zero tolerance towards malpractice, impropriety, statutory non-compliance or wrongdoing by its staff in the course of their work. Employees and external stakeholders such as suppliers, customers and contractors may use the procedures set out in Apex Healthcare Group's Whistleblowing Policy & Procedure to report any concern or complaint regarding questionable accounting or auditing matters, internal controls, disclosure matters, conflict of interest, insider trading, collusion with competitors, serious breaches of the Group's policy, unsafe work practices or any other matters involving fraud, corruption and employee misconduct. The Whistleblowing Policy & Procedure of the Company is available at the Company's website: www.apexhealthcare.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	:	The Whistleblowing Policy & Procedure of the Company provides the framework to promote responsible and secure whistleblowing. As part of the whistleblowing reporting mechanism, the Audit Committee assumes the position of Receiving Officer. The Whistleblowing Policy & Procedure of the Company is available at the Company's website: www.apexhealthcare.com.my
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	:	The Board comprises the CEO/Chairman, two Non-Independent Non-Executive Directors and four Independent Directors; where 57.1% of the Board comprises Independent Directors. This goes beyond the requirement prescribed in Paragraph 15.02 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires at least two Directors or one third of the Board, whichever is higher, to consist of Independent Directors. The higher proportion of Independent Directors engenders Board independence which provides the necessary check and balance to alleviate boardroom dominance, stereotype discussions and complacency. Furthermore, the higher percentage of Independent Directors facilitates their rotation across Board Committees. The Board Committees will be able to benefit from greater checks and balances and deliberations will be enhanced from the contributions of Independent Directors with diverse backgrounds.
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	:	All Independent Directors who have served the Company for an aggregate of more than nine years will submit themselves for annual shareholders' approval at the Annual General Meeting to be retained as Independent Directors. The justifications for retention are provided in the Notes to the Notice of Annual General Meeting for shareholders' consideration. The recommendation by the Board for retaining such Independent Directors is based on their independence, incumbent knowledge and contributions to the strategic objectives and stewardship of the Company. The new two-tier voting process to retain any Independent Director after the twelfth year, as prescribed in Malaysian Code on Corporate Governance will be implemented with effect from the next Annual General Meeting of the Company which will be held on 24th May 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 4.3 - 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 Nomination Committee was established in 2001 and comprises Non-Executive Directors, a majority of whom are Independent Directors. The responsibility of the Nomination Committee in overseeing the selection and assessment of Directors is stipulated in its Terms of Reference, which is included in the Board Charter. Since August 2015, the Senior Independent Director, Mr Leong Khai Cheong, has assumed the chairmanship of the Nomination Committee which enhances the independence of decision of the Nomination Committee.</p> <p>The Nomination Committee's Terms of Reference specify in some detail the duties and functions of the Committee, which relate to the recruitment and reappointment or re-election of Directors and the criteria used in their selection, taking into account also the overall effectiveness of the Board. The criteria include skills, knowledge, expertise and experience; commitment to effectively discharge his/her fiduciary duties; professionalism; gender, age and ethnicity and their pertinence to boardroom diversity; character, integrity and competence; and in the case of candidates for Independent Directors, ability to discharge the responsibilities and functions expected of Independent Directors.</p> <p>The Board desires that each of its Directors, Chief Executive Officer, Chief Operating Officer, Senior Vice President and Financial Controller be of appropriate character, experience, integrity and competence so as to carry out their duties in the best interest of the Company. In addition, each of the Non-Executive Directors must be able to devote time to discharge their responsibilities in their respective roles and Board Committees.</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 embraces diversity amongst its members and has ensured a good representation of the relevant skills and experience for the discharge of its duties. Its policy towards boardroom diversity is above all, to be non-discriminatory with regards to gender, ethnicity, age, race or religion, and only considering relevant qualifications, ability and commitment when proposing candidates for shareholders' approval.</p> <p>The Board considers its current size and composition as ideal. Further changes to the gender ratio of the directors will be guided by the policy stated above. Currently, the Board has a female Independent Non-Executive Director, Ms Heng Su-Ling Mae who has been a Director since 2008, well before the promulgation of Malaysian Code on Corporate Governance and its antecedent Malaysian Code on Corporate Governance 2012. To further strengthen the composition of the Board through gender diversity, and in view of Ms Heng Su-Ling Mae's professional qualification as a Chartered Accountant and her valuable contribution as a member of the Audit Committee, Ms Heng has been appointed Chairman of the Audit Committee since August 2015. In its measure towards meeting its gender diversity policy, the Board takes cognizance of the importance of considering candidates for appointment from a wider pool. The Board acknowledges the benefits of having participation of women on the Board in terms of providing different perspectives and insights for effective decision making and targets to ensure that there is women representation on the Board at any one time.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	The Board appreciates the importance of using a variety of approaches and sources to ensure that it is able to identify the most suitable candidates. In this regard, the Nomination Committee is charged with the responsibility of identifying, selecting and recommending to the Board suitable candidates taking into account factors such as personal attributes, skills, experience, competence, capability and time and commitment to effectively discharge the fiduciary duties and functions with due consideration of diversity required of Directors. As there is no “one size fits all” and taking into account the business environment that the Company operates in, the Board authorises the Nomination Committee the option of using external independent sources, if required, in the recruitment of candidates for directorship above and beyond referrals from shareholders, Directors and Senior Management. Evaluation of candidates include the review of resumes, reference checks and interviews based on criteria established in Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Nomination Committee will then recommend chosen candidates to the Board for consideration. This Practice is specified in the Terms of Reference of the Nomination Committee.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee was established in 2001 and comprises Non-Executive Directors, a majority of whom are Independent Directors*. The responsibility of the Nomination Committee in overseeing the selection and assessment of directors is stipulated in its Terms of Reference, which is disclosed in the Board Charter. Since August 2015, the Senior Independent Director, Mr Leong Khai Cheong, has assumed the chairmanship of the Nomination Committee thus providing effective leadership to the Nomination Committee in the discharge of its duties.</p> <p><i>*Mr Tong Yew Sum, an Independent Director and member of the Nomination Committee passed away on 27th March 2018. At the forthcoming Annual General Meeting on 24th May 2018, Datuk Phang Ah Tong has been nominated for appointment as an Independent Director. It is the intention of the Company to appoint him to the Nomination Committee if he is elected.</i></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 Committee assesses and reviews the effectiveness of the Board, Directors and Board Committees annually through self-assessment questionnaires. The results are circulated and deliberated at Nomination Committee meetings and the outcome recorded in the minutes of the Nomination Committee meetings. The comments, recommendations and/or action plans for enhancements based on the evaluation results are tabled to the Board. The disclosure of this process has been enhanced in the Terms of Reference of the Nomination Committee and Report of the Nomination Committee of the Company.</p> <p>The Nomination Committee also considers the succession planning of the Board and Senior Management through a formalised Succession Planning policy to ensure sustainable and effective performance of the Board and Senior Management through planned succession and compliance with good governance practices.</p> <p>In 2016, the Board of Directors approved a Board Succession Planning Policy Framework which addresses board size, number of Independent Directors and their tenure and terms of appointment, age limit of Directors and diversity policy. For Senior Management, a succession plan has been drawn up for three levels of Senior Management in all the Group's operating subsidiaries and is reviewed by the Board periodically. In this regard, the Management Succession Plan was updated and approved by the Board of Directors in 2016. These succession planning frameworks are constantly reviewed with the ultimate aim of enhancing leadership and effectiveness of the Board and Senior Management.</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 6.1

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	:	The policies and procedures to determine the remuneration of Directors and Senior Management, namely the scope of coverage of the policy and the criteria for determining remuneration for Executive Directors and Non-Executive Directors are prescribed in the Terms of Reference of the Remuneration Committee which is published on the Company's website at www.apexhealthcare.com.my .
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 was established in 2001 with the task of establishing formal and transparent remuneration policies for Directors and Senior Management. Disclosure of the Directors' remuneration in the manner as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Companies Act 2016 is made in the Report of the Remuneration Committee. The Remuneration Committee reviews the remuneration of directors at least once annually, making proposals for change where required, before seeking Board's endorsement and subsequent shareholders' approval where applicable. The Remuneration Committee of the Company consists exclusively of Non-Executive Directors, the majority of whom shall be independent and is chaired by an Independent Non-Executive Director to further ensure independence of judgment.</p> <p>The Remuneration Committee institutes a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. The remuneration policy of the Executive Director and Non-Executive Directors and Senior Management of the Company is adopted by the Board based on the recommendations of the Remuneration Committee.</p> <p>The executive remuneration package for Executive Director and Senior Management involve a balance between fixed and performance-linked (variable) elements. The relative weighing of fixed and variable remuneration for target performance varies with level of responsibility, complexity of the role and typical market practice. Ultimately, the executive remuneration package comprises the base salary and benefits that are set at a competitive level for similar roles within the same industry, and a variable component that links rewards to corporate and individual performance, skills, experience and responsibility. In the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned. In addition,</p>

	remuneration of Non-Executive Directors are annually benchmarked against publicly listed companies on Bursa Malaysia Securities Berhad of comparable industry, scale, market capitalisation and complexity.	
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	Company:							
	Director	Remuneration						
		Fees	Salary	Bonus	Pension Costs	Benefits- in-kind	Emoluments	Total
	<u>Executive Director</u>							
	Dr Kee Kirk Chin	63,000	105,480	58,268	23,741	115,579	-	366,068
	<u>Non-Executive Directors</u>							
	Robert Dobson Millner	-	-	-	-	-	58,687	58,687
	Leong Khai Cheong	105,000	-	-	-	-	-	105,000
	Heng Su-Ling Mae	116,000	-	-	-	-	-	116,000
	Jackson Chevalier Yap-Kit-Siong	90,000	-	-	-	-	-	90,000
	Datuk Noharuddin Bin Nordin @ Harun	88,500	-	-	-	-	-	88,500
	Tong Yew Sum*	76,250	-	-	-	-	-	76,250
	Kee Kirk Chuen	56,500	-	-	-	-	-	56,500
	Total	595,250	105,480	58,268	23,741	115,579	58,687	957,005
	Group:							
	Director	Remuneration						
		Fees	Salary	Bonus	Pension Costs	Benefits- in-kind	Emoluments	Total
<u>Executive Director</u>								
Dr Kee Kirk Chin	63,000	838,692	1,877,937	99,446	115,579	-	2,994,654	
<u>Non-Executive Directors</u>								
Robert Dobson Millner	-	-	-	-	-	58,687	58,687	

	Leong Khai Cheong	105,000	-	-	-	-	-	105,000
	Heng Su-Ling Mae	116,000	-	-	-	-	-	116,000
	Jackson Chevalier Yap- Kit-Siong	90,000	-	-	-	-	-	90,000
	Datuk Noharuddin Bin Nordin @ Harun	88,500	-	-	-	-	-	88,500
	Tong Yew Sum*	76,250	-	-	-	-	-	76,250
	Kee Kirk Chuen	56,500	-	-	-	-	-	56,500
	Total	595,250	838,692	1,877,937	99,446	115,579	58,687	3,585,591
	<i>* Mr Tong Yew Sum passed away on 27th March 2018.</i>							
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	: This Practice will not be fully adopted due to reasons of confidentiality and risk of talent attrition attributed to the highly competitive environment for scarce human resources in the pharmaceutical industry. Senior Management jobs differ, depending on job scope, geographical location and business activity. In this regard, disclosure purely on a named basis will not equitably establish a clear linkage between Group performance and individual remuneration, without further detailed disclosure and discussion on the individual's job scope within the Group, annual performance appraisal findings and attainment of key performance indicators.							
	<u>Alternative Practice:</u>							
	Senior Management Remuneration	Salaries & other emoluments	Bonus	Pension Costs	Non-Monetary Benefits	Directors Fees	Others	Total
	Remuneration in RM	956,604	1,358,777	461,245	186,660	-	25,212	2,988,498
	Remuneration as a %	32.01%	45.47%	15.43%	6.25%	0.00%	0.84%	100.00%
	<p>Senior Management is defined as the four members of the Executive Committee ("EXCO") of the Company, comprising the Chief Executive Officer ("CEO"), Chief Operating Officer ("COO"), Senior Vice President ("SVP") and Financial Controller ("FC"). As the CEO's remuneration is already furnished with the disclosure for Directors, Senior Management remuneration is disclosed as an aggregate of the other three members of the EXCO. While individually named within the group, disclosure differs in offering remuneration information on an aggregate basis. Instead of bands, actual remuneration data is provided in the specified categories. This alternative practice affords a degree of confidentiality, yet provides shareholders relevant information to assess the linkage of Senior Management remuneration as a group to performance.</p> <p>The Board by virtue of Section 211(2) of Companies Act 2016 has all the powers necessary for managing, directing and supervising the management of the business and affairs of the company and will at all times exercise its powers in the best interest of the company. This includes being accountable for the appointment of the Senior Management team, their performance and remuneration. The remuneration of all Senior Management of the Group is performance linked, closely reviewed and carefully determined by the Remuneration Committee annually and reported to the Board.</p>							

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

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	:	This Practice has been in force by the Company as the Board is of the view that having the same Director to assume the position of Chairman of the Audit Committee and Chairman of the Board may impair objectivity and potentially lead to concentration of power in a single Director. This Practice which has always been adopted by the Company is now formalised by incorporating the policy in the Terms of Reference of the Audit Committee.
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	:	This policy which aids in safeguarding the auditors’ independence and objectivity has been adopted by the Audit Committee and the Terms of Reference of the Audit Committee has been updated accordingly.
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 is delegated the task of assessing whether the External Auditors are suitable for reappointment, of which competence and independence are key considerations. This is spelt out in the Terms of Reference of the Audit Committee.</p> <p>The appointment of External Auditors is made upon satisfactory evaluation by the Audit Committee on their suitability and independence in respect of quality control, adequacy of resources, involvement of the audit partner and exercise of professional skepticism throughout the conduct of the audit engagement. On an annual basis, the Audit Committee will evaluate the performance and quality of work conducted by the External Auditors as part of good Corporate Governance. As an added measure of assurance of independence, the External Auditors are encouraged to communicate on regular intervals with the Audit Committee regarding all relationships and other matters which may reasonably be thought to bear on their independence, in line with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.</p> <p>The Audit Committee employs an External Auditor Assessment Tool to gauge the quality of services and sufficiency of resources provided by the External Auditors; quality of communication exhibited by the External Auditors; and the External Auditors' independence, objectivity and professional skepticism.</p> <p>Assurance is provided by the External Auditors to the Audit Committee that, in accordance with the terms of all relevant professional and regulatory requirements, the External Auditors had been independent throughout the audit engagement for 2017.</p> <p>Having regard to the governance process in upholding integrity in financial reporting, the Board after due consideration of the External Auditors' suitability and independence upon recommendation by the Audit Committee and on being satisfied of the matter, will put forth for shareholders' approval annually the appointment or re-appointment of External Auditors, whichever the case may be, and the fixation of their remuneration at the Annual General Meeting of the Company.</p> <p>The current External Auditors, Ernst & Young ("EY"), has been appointed as the Company's External Auditors since 2003. To mitigate the risk of over-</p>

	familiarity and promotes objectivity while maintaining historical and institutional knowledge of the Company, rotation of audit partner of EY is practised. The last rotation of audit partner took place for the audit of financial year ended 31st December 2015. There are neither family nor business relationships other than audit engagements between the members of the EY engagement team and Apex Healthcare Berhad Board and Management that will place in question the independence of EY.	
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	:	The Audit Committee as of financial year 2017 comprised solely of Independent Directors. Nevertheless, the Board is cognisant of the importance of Board renewal as part of the overall objective of improving Board performance, and in this regard, this Step Up Practice will not be formalised as a corporate governance practice of Apex Healthcare Berhad yet.

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 requirement to undertake continuing education by the Directors is built into the Board Charter and the training undertaken by the Directors are formally reviewed and assessed by the Nomination Committee annually. The Nomination Committee on behalf of the Board, assesses, evaluates and determines the training needs of each Director, reviews the fulfilment of such training, and discloses details in the Annual Report as appropriate, in accordance with Paragraph 15.08 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>All Directors including members of the Audit Committee participate in continuing education to keep themselves abreast of developments in their fields of interest. The list of programmes/seminars attended by the Directors during the financial year ended 31st December 2017 is found in the Report of the Nomination Committee.</p> <p>Specifically with regards to the Audit Committee, all the members have an understanding of the implications of financial and accounting decisions and are able to ask pertinent questions of Management and auditors and meet the financial expertise requisite of Paragraph 15.09 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board acknowledges the importance of establishing and maintaining a sound system of internal controls, which provides reasonable assurance in ensuring the effectiveness and efficiency of operations and safeguards the assets and interests in compliance with laws and regulations as well as with internal financial administrative procedures and guidelines. The internal controls comprising financial, organisational, operational and compliance controls are devised to safeguard shareholders' investment and the Group's assets. The Board recognises that such systems can provide only a reasonable level of, rather than absolute assurance against misstatement or loss within the practical constraints of operating a going concern. Improvement and refinement of internal control systems, and their adaptation to changing requirements, is an ongoing process. Further information may be found in the Statement on Risk Management and Internal Control published annually in the Group's 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 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The monitoring of risks is carried out by Management at their respective monthly management meetings. Any variation and developments are reported to the Chief Executive Officer and Financial Controller and subsequently to the Audit Committee on a periodic basis.</p> <p>On an annual basis, risk assessment is carried out by the Senior Management in consultation with the Internal Auditors to identify key risks and devise measures to address these risks. The Risk Assessment report is then reviewed by the Risk Management Committee, the functions of which are assumed by the Audit Committee. The Audit Committee reviews the risk management framework and processes to ensure that they remain relevant for use, and monitors the effectiveness of risk treatment and their corresponding mitigation action plans for the management and control of the key risks. The Board affirms its overall responsibility for the Group's risk management, and for reviewing the adequacy and integrity of the Group's risk management framework which encompasses all subsidiaries of the Group before adoption.</p> <p>The risk management framework adopted by the Group is guided by internationally recognised risk management framework. The risk management framework and process, the key anticipated and known risks that the Group is exposed to which may have a material effect on the Group's operations, performance, financial condition and liquidity and the internal control systems of the Group are found in the Statement on Risk Management and Internal Control.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company outsources the internal audit function as being currently the most cost effective means of implementing an internal audit function. The duties and functions of the Audit Committee in relation to the governance of internal audit function of the Company are specified in the Terms and Reference of the Audit Committee. The Audit Committee assumes a pivotal role in the oversight of internal audit function, and in this regard reviews and reports to the Board the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work. The Audit Committee also reviews the internal audit plan processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations. The head of Internal Audit reports directly to the Audit Committee and therefore is accountable to the Audit Committee on the quality and effectiveness of internal audit and its role in the overall context of the Company's risk management system.</p> <p>With effect from 1st January 2017, the provider of outsourced Internal Audit function has been changed to Kloo Point Risk Management Services Sdn Bhd to maintain auditor independence. For financial year ended 31st December 2017, the Internal Auditors attended and reported to the Audit Committee at four of the five Audit Committee meetings. The Internal and External Auditors are unrelated parties. Further information may be found in the Statement on Risk Management and Internal Control published annually in the Group's Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

- 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>Prior to the appointment of the outsourced Internal Auditors, the Audit Committee reviews the relevant matters in connection with their appointment before rendering its recommendation to the Board, to ensure the Internal Auditors are free from any relationships or conflicts of interest, which could impair their objectivity and independence. The engagement letter, constituting the entire agreement between the Company and the outsourced Internal Auditors, duly specifying the appointment and termination, the scope of audit coverage, scope of services, Management’s responsibilities, access of working papers and reports, confidentiality, release and indemnification, deliverables of internal audit outcome, fees and other services, is entered into between the parties concerned. The adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work are reviewed by the Board through the Audit Committee.</p> <p>The Group’s independent internal audit function is outsourced to a professional service firm to assist the Board and the Audit Committee in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group’s system of internal control. Mr. Khor Ben Jin heads the Group internal audit function as the Chief Audit Executive (“CAE”). He is also the executive director of the professional service firm. Each internal audit review is staffed by 3 internal audit executives, including the CAE who also leads the reviews and the engagement to ensure that the internal audit function is carried out effectively. The CAE reports directly to the Chairman of the Audit Committee on audit matters, and to the CEO/FC on administrative matters. The Audit Committee meets with the internal auditors without the presence of Management, at least twice a year.</p> <p>Mr Khor is a Fellow of the Association of Chartered Certified Accountants, UK, a Certified Internal Auditor, USA, as well as a member of the Malaysian Institute of Accountants. He has more than 15 years of experience in providing internal audit consulting services, enterprise risk services and corporate governance reviews addressing issues relating to governance, risk and controls compliance in highly regulated environments. In addition, he has been trained in Internal Audit methodologies which enabled him to identify</p>

	<p>risks and establish an internal control process and system which covers the roles and functions and scope of work to assist the Audit Committees and the Boards of Directors to oversee the internal audit function of the Group.</p> <p>The internal audit function has adopted the International Professional Practices Framework set by the Institute of Internal Auditors (“IIA”) and ensures that staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 11.1

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

Application :	Applied
Explanation on application of the practice :	<p>The Board values dialogue with both institutional and individual shareholders, and has made it a Company policy to recognise that timely and equal dissemination of relevant information should be made to all shareholders and stakeholders without favouring one group over another. Management meets with shareholders and investment analysts from time to time to explain the Group's strategy, performance and major developments, and to receive feedback. In all the communications with stakeholders, the Board ensures that the Company complies with all applicable corporate disclosure laws and regulations. Shareholders' concerns may be directed to the Senior Independent Non-Executive Director, via the Company Secretaries.</p> <p>Apex Healthcare Berhad was selected as one of the inaugural batch of 100 mid and small-cap public listed companies to receive independent analyst coverage by licensed research houses under the Mid and Small Cap (MidS) Research Scheme that was unveiled by Bursa Malaysia Securities Berhad and the Securities Commission in May 2017. This selection provides an avenue for deeper engagement with analysts of licensed research houses which ultimately benefits interested investors in obtaining more information about the Company through research done by participating analysts.</p> <p>The Board welcomes shareholders' participation at the Annual General Meeting, which is the principal forum for dialogue with the shareholders, and is an opportunity for the Board to respond directly to shareholders queries and to undertake to provide sufficient clarification on issues and concerns raised by shareholders. Directors are always pleased to interact with the shareholders during and after a general meeting.</p> <p>The Board supports the use of information technology for the effective dissemination of information. The Company make uses of its website (www.apexhealthcare.com.my) as a communication channel to disseminate information regarding the Company. The website contains contact details for shareholders' enquiries and/or comments, which are reviewed by the CEO. The website also serves as a useful reference source of information to many shareholders, investment analysts, business partners and other stakeholders. In addition to publishing financial results, annual reports and business information, the website has dedicated Corporate Governance sections which include the Board Charter, Code of Conduct, Whistleblowing Policy &</p>

	<p>Procedure and Privacy Policy.</p> <p>Pursuant to Paragraph 9.21(2)(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Summary of the Key Matters Discussed at the Annual General Meeting is published on the Company's website, as soon as practicable after the conclusion of every Annual General Meeting.</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 defined by the Malaysian Code on Corporate Governance.	
<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 recognises the significance of the Annual General Meeting as a platform for direct and meaningful communication between the Board and the Company's shareholders. As such, the Board strives to ensure that shareholders are accorded with sufficient time to consider the resolutions that will be discussed and decided upon at the Annual General Meeting.</p> <p>In this regard, the Notice to the Annual General Meeting in 2018 is provided at least 28 days prior to the Annual General Meeting which will be held on 24th May 2018 going above and beyond Section 316(2) of Companies Act 2016 and Paragraph 7.15 of the Main Market of Bursa Malaysia Securities Berhad which call for a 21-days' notice period.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 12.2

All directors attend General Meetings. The 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	:	The Board ensures that the full complement of Directors attend every General Meeting and all Chairmen of Board Committees are required to be prepared to answer all questions addressed to them. The Board is pleased to interact and converse with shareholders at General Meetings and other events within the bounds of propriety.
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	:	As the shareholder base of the Company currently stands at less than 2,000, the Board has decided that electronic voting will not be implemented in the interim.
		Electronic voting will be considered if the situation warrants it in the future.
<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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