

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0099  
**COMPANY NAME** : Scicom (MSC) Berhad  
**FINANCIAL YEAR** : June 30, 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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board takes full responsibility for the oversight and overall performance of Scicom Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, ensuring that the necessary resources are in place for the Company to meet its business objectives.</p> <p>The Board is responsible for delivering shareholder value over the long-term, through the Group's culture, strategy, values and governance. The Non-Executive Directors have responsibility for monitoring the Group's strategy and the performance of Executive Director against goals and objectives.</p> <p>The Directors of the Board are selected on the criteria of proven skill and ability in their particular field of endeavour and a diversity of outlook and experience which directly benefits the operation of the Board as the custodian of the business. The of each Board member is provided on pages 18 to 21.</p> <p>The Board plays a critical role in setting the appropriate tone at the top and is charged with leading and managing Scicom Group in an effective, good governance and ethical manner. Each Director has a legal duty to act in the best interest of Scicom Group. The Directors are, collectively and individually, aware of their responsibilities to the stakeholders for the manner in which the affairs of the Company are managed.</p>

The Board sets Scicom Group's values and standards and ensures that its obligations to its stakeholders are understood and met.

The summary of the Board functions are : formulating strategy, setting policies, supervising executive management and providing accountability. This arrangement also enables the Board's contribution to the Company's performance through strategy formulation and policy making, and its responsibility to ensure conformance to required results and maintenance of accountability to the shareholders and other interested parties.

The Board consists of 8 members and provides an effective blend of entrepreneurship, business and professional expertise in business and risk management, financial (including audit, tax and accounting), legal and technical. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on Scicom Group's business and direction. Considering the scope and nature of the operations of the Group, the Board believes that its composition represents an appropriate balance of Executive and Non-Executive Directors to achieve the promotion of shareholder interests and effective governance of the business, and yet allow for effective decision making.

The Directors are required by the Companies Act 2016 (the "Act") to prepare financial statements for each financial year which give a true and fair view of Scicom Group and of the Company's state of affairs, results and cash flows. The Directors are of the opinion that Scicom Group uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates, and that the financial statements have been prepared in accordance with Malaysian Financial Reporting Standards and the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia.

The Directors having reviewed the business plans, capital expenditure commitments and expected cash flows are satisfied that the Company and the Group have adequate resources to continue operations for the foreseeable future and therefore continue to adopt the going concern basis in preparing these Financial Statements.

The Directors are satisfied that Scicom Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of Scicom Group and of the Company and which enable proper financial statements to be prepared. They have also taken the necessary steps to ensure that appropriate systems are in place to safeguard the assets of Scicom Group, and to detect and

	prevent fraud as well as other irregularities. The systems, by their nature can only provide reasonable and not absolute assurance against material misstatements, loss and fraud.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman's primary responsibility is to lead the Board, to ensure that it has a common purpose, is effective as a group and at individual Director level and that it upholds and promotes high standards of integrity, probity and corporate governance.</p> <p>The Non-Executive Chairman, Krishnan Menon is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda. The Chairman is also responsible for creating an environment for open, robust and effective debate. This includes ensuring, via the Company Secretary, that the Directors receive accurate, timely and clear information.</p> <p>Our Chairman is the link between the Board and the Company. He is specifically responsible for establishing and maintaining an effective working relationship with the Chief Executive Officer ("CEO"), for ensuring effective and appropriate communications with stakeholders and for ensuring that members of the Board develop and maintain an understanding of the views of stakeholders.</p> <p>The Board Non-Executive Directors are appointed under the terms of appointment which clearly defines role of Directors, including among others, the expectations in terms of independence participation, time commitment and continuous improvement. As part of their induction, new Directors attend briefings with management to enable them to gain an understanding of the Group's businesses, key issues and operations.</p> <p>All Directors are advised of the likely time commitments required on appointment and are expected to devote sufficient time for the effective discharge of their functions. The Company provides Non-Executive Directors with appropriate support and facilities for consideration of the Company's strategy and performance, and a dialogue with the Chairman is strongly encouraged so that any issues regarding conflicting commitments and time pressures can be addressed appropriately.</p> <p>Regular Board and Committee meetings are scheduled throughout the year and the Directors ensure that they allocate sufficient time to</p>

	<p>discharge their duties effectively.</p> <p>The Board has at least four (4) regularly scheduled meetings annually, with additional meetings for particular matters convened as and when necessary. Board meetings bring an independent judgement to bear on issues of strategies, risks and company performance.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.3**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Non-Executive Chairman is Krishnan Menon and the role of CEO is fulfilled by Dato’ Sri Leo Ariyanayakam.</p> <p>Their roles are separate and there is a clear division of responsibilities to distinguish between the provision of leadership to the Board and the executive responsibility for the business direction, overall development and management of the Group’s business</p> <p>The CEO implements the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the management is delegated through the CEO and this will be considered as the CEO’s authority and accountability as far as the Board is concerned. He is also involved in the management of the performance, sustainability, social and environmental responsibilities of the Group.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.4**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Ms Lim Poh Yen and Ms Wong Wai Foong are the Company Secretaries</p> <p>The Company Secretary whose appointment and removal are subject to Board’s approval, attend all Board and Board Committees’ meetings. Ms Lim Poh Yen and Ms Wong Wai Foong are responsible for the following in respect of effective Board operation:-</p> <ul style="list-style-type: none"> <li>➤ To ensure good information flows within the Board and its Committees and Non-Executive Directors</li> <li>➤ To advise the Board through the Chairman of all corporate governance obligations and developments in best practice; and</li> <li>➤ To be responsible for communicating with shareholders as appropriate.</li> </ul> <p>The Board has direct access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that all governance matters, and Board procedures are followed and that applicable laws and regulations are complied with. These include obligations on Directors relating to disclosure of interests and disclosure of any conflicts of interest in business transactions.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretary is responsible for ensuring good information flows within the Board and its Committees .</p> <p>The Directors are provided with the Board papers which are uploaded onto BoardPac at least one week prior to the meeting. Directors regularly receive additional information from the Company between Board meetings. Where a Director was unable to attend a meeting, they were provided with all the papers and information relating to that meeting and were able to discuss issues arising directly with the Chairman and/or CEO.</p> <p>The Board reports include, amongst others, periodical financial and strategic development, financial performance relating to business plan, operational matters, sustainability, financial and corporate issues, performance of the various business units. The minutes of meetings of the Committees are circulated to all Board members.</p> <p>At each scheduled Board meeting, the Chief Executive Officer provides operational and financial updates. Depending on the nature of the proposal to be considered, other senior management executives are invited to make presentations or participate in Board discussions to ensure that Board decisions are supported by a full analysis of each proposal.</p> <p>From time to time and where necessary, the Directors, whether as a group or individually, with the consent of the CEO, are entitled to take independent professional advice at the expense of the Company, in furtherance of their duties and in the event that circumstances warrant the same, as well as having direct access to senior operational management within the Group as required.</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In discharging its functions and responsibilities, the Board is guided by the Board Charter which outline the duties and responsibilities of the Board, matters reserved for the Board as well as those which the Board may delegate to the Board Committees, CEO and management. The Board has a well-defined framework on the various categories of matters that require the Board's approval, endorsement or notations, as the case may be.</p> <p>The Board reserves full decision-making powers, amongst others, on the following matters (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Committees of the Board or management):-</p> <ul style="list-style-type: none"><li>(a) Material acquisitions and disposals of undertakings and properties not in the ordinary course of business;</li><li>(b) Material investments in capital projects;</li><li>(c) Annual budgets (including major capital commitments);</li><li>(d) Material corporate exercise ;</li><li>(e) Declaration of Dividend and Directors' fees; and</li><li>(f) Annual and quarterly results.</li></ul> <p>The Board is free to alter the matters reserved for its decision, subject to the limitations imposed by the Constitution and the law.</p> <p>All matters not specifically reserved to the Board and necessary for the day-to-day operations of Scicom Group are delegated to management. Specifically, the responsibilities of the CEO and the management are, among others:</p>

	<ul style="list-style-type: none"> <li>• Translation of the approved strategic plan into annual operating and financial plans of the business;</li> <li>• Manage the Company’s human, physical and financial resources to achieve the Company’s objectives;</li> <li>• Operate within the delegated authority limits set by the Board;</li> <li>• Assumption of the day-to-day responsibility for the Company’s conformance with relevant laws and regulations, its compliance framework and all other aspects of the day to day running of the company;</li> <li>• Develop, implement and manage the Company’s risk management and internal compliance and control systems and operate within the risk appetite set by the Board;</li> <li>• Develop, implement and update policies and procedures;</li> <li>• Keep pace with industry and economic trends in the Company’s operating environment; and</li> <li>• Provide the Board with accurate, timely and clear information to enable the board to perform its responsibilities</li> </ul>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All Directors and employees are expected to safeguard the integrity and protect the reputation and performance of Scicom Group by behaving ethically and professionally at all times.</p> <p>The Company's Code of Business Conduct and Ethics (the "Code") sets forth the standard of conduct and culture required for all officers, managers and employees of Scicom Group. Adherence to the Code and to our other official policies is essential to maintaining and furthering our reputation for fair and ethical practices among our customers, shareholders, employees, communities and other stakeholders. Working with a strong sense of integrity is critical to maintaining trust and credibility. The Code covers all aspect of Scicom Group's business operations, work environment and employment, environment, safety, health and security, company's assets and information, dealing with conflict of interest (including no gifts policy), communicating with the public, financial accounting and reporting accuracy and etc.</p> <p>In discharging its responsibilities, the Board is also guided by Code of Ethics for Directors issued by the Companies Commission of Malaysia. Directors are expected to conduct themselves with the highest ethical standards and corporate governance. The Directors are required to notify the Company of any potential conflicts of interest that may affect them in their roles as Directors of Scicom under the Code.</p> <p>Scicom Group communicates the Code of Ethics for all its employees upon their appointment/ employment. In addition, Scicom Group encourages its employees to raise genuine concerns about possible improprieties in matters such as breach of compliance, suspected violations of the Code and to disclose any improper conduct or other malpractices within the Group (i.e. whistleblowing) in an appropriate way.</p> <p>The Board has an established process for declaring and monitoring</p>

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

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Whistleblowing Policy is to provide an avenue for all employees of Scicom to raise concerns about any improper conduct within Scicom Group without fear of retaliation and to offer protection for such persons) who report such allegations.</p> <p>Any employee who has knowledge or is aware that any improper conduct has been, is being, or is likely to be committed within Scicom is encouraged to make disclosure by sending an email directly to two named Independent Non-Executive Directors whose email address are provided under the Whistle Blowing Policy in Scicom’s website.</p> <p>The Whistleblowing Policy can be viewed on Scicom’s website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	As at 2018, the Board comprises eight (8) members, of whom five (5) are Independent Non-Executive Directors and two (2) are Non-Independent Non-Executive Directors and one (1) Non-Independent Executive Director. The Board composition complies with the Main Market Listing Requirements of Bursa Malaysia that requires a minimum of two (2) Directors or one- third (1/3) of the Board, whichever is higher, to be Independent Directors.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 4.2

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

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

<b>Application</b>	:	Not applicable - No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Not adopted  The Board is of the view that the 9-year Tenure Policy of Independent Directors as explained in the Corporate Governance Overview, Risk Management and Internal Control Statement is adequate.
<b>Explanation on adoption of the practice</b>	:	

**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>With a view to achieve a sustainable and balanced development, the Company sees increasing diversity at the Board and senior management levels as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In any appointment, number of aspects has been considered to maintain a diversified Board and senior management team which will help in the growth of the Group and to have better governance in the Group, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. An inclusive culture helps us to respond to our increasingly diverse global customer base. All appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board and workforce.</p> <p>The Board believes that collectively the Directors have a diverse and relevant range of skills, backgrounds, knowledge and experience to ensure effective governance of the business. The members of the Board contribute across industry knowledge, international experience perspectives and specific subject matter expertise in a range of strategic, operational and financial aspects that are critical to the long-term success of Scicom. This means that the Board maintains a focus on its composition, thereby working to ensure that the Executive and Non-Executive Directors continue to have an appropriate balance of skills, experience and independence.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Although it has not set any objectives applying specifically to the composition of the Board within a formal policy, the Board intends to continue with its current approach to diversity in all its aspects, while at the same time seeking Board members of the highest calibre, and with the necessary experience and skills to meet the needs of the Company and its shareholders. Rather than adopting quotas or other similar objectives, the Board prefers to adopt a more flexible approach focused on appointing on merit while having due regard to the benefits that can be gained from diversity.</p> <p>The Board views gender and cultural diversity among Board members as important considerations when reviewing its composition. The Board recognizes, in particular, the importance of gender diversity. Currently, women make up 25% of the full Board.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination and Remuneration Committee (“NRC”) keeps the Board’s balance of skills, knowledge, experience and the length of service of individuals under constant review. In respect of supplementing the skill set of the Board, there is an established procedure for the appointment of new Directors. In brief, the NRC identifies the set of skills and experience required and selects individuals to take Board positions on review of their individual merits, regardless of gender, race, religion and age.</p> <p>Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Directors or the management. The NRC meets with the shortlisted candidates to assess their suitability before formally considering and recommending them for appointment to the Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC is responsible for the size, composition and succession planning of the Board and senior management, and is also responsible for setting the remuneration policy for the Board and ensures that no Director is involved in decisions affecting their own remuneration.</p> <p>The NRC comprises exclusively three (3) Independent Non-Executive Directors as follows:-</p> <p>Ms Karen Judith Goonting (Chairman)  Dato' Mohd Salleh Harun (Member)  Puan Mahani Binti Amat (Member)</p> <p>The NRC reviews the independence of Directors annually according to the criteria on independence. The independent Directors guidance is designed to ensure that all directors are able to act in the best interests of the Company at all times.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board evaluation comprises Performance Evaluation of the Board and various Board Committees, Director's Peer Evaluation and Assessment of the independence of the Independent Directors. The assessment of the Board is based on areas which include board structure, board operations, board and Chairman's roles and responsibilities and Board Committees' role and responsibilities.</p> <p>For Director's Peer Evaluation, the assessment criteria include abilities and competencies, caliber and personality, technical knowledge, objectivity and the level of participation at Board and Committee meetings including his or her contribution to Board processes and the business strategies and performance. The criteria for assessing the independence of an Independent Director include the relationship between the Independent</p> <p>When considering the re-nomination of Directors for re-election or appointment, the NRC also considers the competing time commitments faced by Directors with multiple board representations. In addition to current review procedures of the attendance records, the appointment letter has put in place for Directors to consult the Chairman of the Board with regard to accepting any new appointments as Directors on listed companies and notifying the Board on any changes in their external appointments. This would allow the Director to review his or her time commitments with the proposed new appointments.</p> <p>The process covered a variety of aspects associated with board effectiveness, including the composition of the Board, the content and running of Board and Committee meetings, corporate governance, risk and crisis management, succession planning and the Directors' continuing education process.</p> <p>The reviews of the Board's Committees did not raise any significant problems and concluded that the Committees are operating effectively.</p>

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



## Intended Outcome

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

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

## Practice 6.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has in place a remuneration framework (which covers all aspects of remuneration) for the Directors and the key senior management personnel. The objective of the Group's remuneration policies is to provide fair and competitive remuneration to its Board and senior management personnel in order for the Company to benefit by attracting and retaining a high-quality team.</p> <p>Based on the remuneration framework, the remuneration packages for the Executive Directors and key senior management personnel comprise a fixed component (in the form of a base salary and, where applicable, fixed allowances determined by the Management's remuneration and benefit policies and variable components (which would normally comprise bonuses) together with benefits-in-kind. any.</p> <p>There are no termination, retirement and post-retirement benefits that may be granted to Directors and the key management personnel (who are not the Executive Chairman and CEO) except for those payment pursuant to statutory requirements.</p> <p>The Company provides Directors' and Officers' Liability Insurance and may provide an indemnity as permitted by the Companies Act 2016.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 6.2**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The NRC reviews the independence of Directors annually according to the criteria on independence set out above. In essence the above guidance is designed to ensure that all directors are able to act in the best interests of the Company at all times.</p> <p>At the date of this Statement, the Board has five (5) Non-Executive Directors.</p> <p>The NRC Terms of Reference is available on the Company’s website.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 7.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Each of the Directors receives a base fixed Director’s fee. The level of remuneration of Non-Executive Directors reflects their experience and level of responsibility undertaken by them. Non- Executive Directors will receive a fixed fee, with additional fees if they are members of Board Committees, with the Chairman of the Board Committees receiving a higher fee in respect of his or her service as chairman of the respective Committees. The fees for Directors are determined by the full Board with the approval from shareholders at the AGM. No Director is involved in deciding his own remuneration. The structure of the fees payable to Directors of the Company for FYE 2018 is disclosed in CG Statement.</p> <p>The details of the remuneration of Directors of the Company comprising remuneration received/ receivable from the Company and subsidiary companies during the FYE 2018 are disclosed in CG Statement.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 7.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	There is detailed disclosure on a named basis for the remuneration of individual Directors in the CG Statement.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>		
<b>Explanation for departure</b>	:	The Board is of the view that it is not in the interest of the Company to disclose the detailed remuneration of Senior Management on a named basis given the highly competitive market for similar talents in the industry.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will monitor the market practice on such disclosure practice.
<b>Timeframe</b>	:	The Board may consider in the future as appropriate taking into consideration the market practice and interest of the Company in relation to competition for talents as explained above.

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is satisfied that Dato’ Nicholas John Lough who is the Chairman of Audit and Risk Committee (“ARMC”), has relevant financial experience.</p> <p>Our Chairman of the ARMC of the Company is neither the Chairman of the Board nor other Board Committee’s Chairman as our Board acknowledges that the ARMC being an independent, objective body, it should function as the Company’s independent watchdog to ensure the integrity of financial controls, combined assurance and effective financial risk management.</p> <p>The Board is also satisfied that the ARMC, as a whole, have competence relevant to the sector in which the Group operates including a wide range of skills, expertise and experience arising from the senior positions they hold or held in other organisations, which is vital in supporting effective governance. The Chairman of the ARMC reports to the Board as necessary on the activities of the ARMC.</p> <p>The ARMC also has explicit authority to investigate any matter within its terms of reference. It has full access to and co-operation of management and full discretion to invite any Director or executive officer to attend its meetings. The ARMC has reasonable resources to enable it to discharge its functions properly.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Conflict of interest is one primary concern of the Company for ensuring external auditor’s independence. Objectivity and independence may be threatened where an officer or employee of an audit client who is in a position to exert direct and significant influence over the preparation of the financial statements has recently been a partner in the audit firm or a member of the audit engagement team.</p> <p>The ARMC of the Company has addressed these concerns by requiring the partner from the audit firm who is responsible for the external audit of the company changes every 5 years.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>In presenting the annual financial statements and quarterly financial results announcements to shareholders, the Board aims to present a balanced and comprehensible assessment of Scicom Group’s financial position and prospects and ensures that the financial results are released to Bursa Securities within the stipulated time frame and that the financial statements comply with regulatory reporting requirements. In this regard, the Board is assisted by the ARMC in overseeing and governing Scicom Group’s financial reporting processes and the quality of its financial reporting.</p> <p>The ARMC is responsible for reviewing, assessing and monitoring the performance, suitability and independence of external auditors.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Applied
<b>Explanation on adoption of the practice</b>	:	<p>The ARMC comprises four (4) members, of which (3) members satisfy the "independence" requirements contained in the Listing Requirements of Bursa Malaysia. The profile of each member of the ARMC is set out in the Profile of Directors section on pages 19 to 21:</p> <p>Dato' Nicholas John Lough Chairman Independent Non-Executive Director</p> <p>Dato' Mohd Salleh Bin Hj. Harun Member Non-Independent Non-Executive Director</p> <p>Encik Mohd Rashid Bin Mohd Yusof Member Independent Non-Executive Director</p> <p>Datuk Joseph Dominic Silva Member Independent Non-Executive Director</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 8.5**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>ARMC’s effectiveness is based on its members knowledge, experience, commitment and independence of its members and on the ARMC’s interaction with management and auditors (internal and external).</p> <p>Majority members of the ARMC who have the necessary financial, banking experience, commercial expertise and capital markets skills required to meet their responsibilities and provide an effective level of challenge to management, have relevant financial experience.</p> <p>The Board through NRC is responsible for ensuring that all Directors receive ongoing training and development. Our Directors are conscious of the need to keep them properly briefed and informed about current issues. During the financial year, ARMC members of the Board who have attended various training programmes, forums, conferences and seminars, these are disclosed in the Training and Development” section of the CG Statement.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a framework to formulate and review risk management policies and internal control framework. Further details is presented in the:-</p> <ul style="list-style-type: none"><li>• Statement on Risk Management and Internal Control;</li><li>• AC Report</li><li>• Audit and Risk Management Committee ("ARMC") Report</li></ul> <p>The Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers, and Bursa Malaysia's Corporate Governance Guide).</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its responsibility for ensuring the maintenance of a sound system of internal controls and risk management. We have a risk management framework in place that provides the foundations and organisational arrangement for how we manage risks across the Group. There are clear procedures and defined authorities for the following:-</p> <ul style="list-style-type: none"> <li>Financial reporting, with clear policies and procedures governing the financial reporting process and preparation of the financial statements. There is a clear and documented process of required controls. Each reporting location prepares an annual self-assessment of compliance with these controls, which is assured during planned risk assessment visits.</li> <li>Comprehensive monitoring and quantification of business risks, under the direction of the ARMC. The Group's approach to risk management and the principal risks facing the Group are discussed in more details in the Statement on Risk Management and Internal Control as well as ARMC Report of the Group on pages 77 to 84.</li> </ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

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

<b>Application</b>	:	Applied
<b>Explanation on adoption of the practice</b>	:	<p>The Audit and Risk Management Committee of the Company was established on 30<sup>th</sup> August, 2005 in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The ARMC members are the Non-Executive Directors of the Company, whom of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director of the Company.</p> <p>A summary of the material risks that could affect Scicom Group (including any material exposure to economic, environmental and social sustainability risks) are monitored for changes in their exposure and are reported to the Board and ARMC during the course of the year, along with their related controls and action plans.</p> <p>In respect of the FYE 2018, the ARMC satisfied itself that the framework continues to be sound.</p>

**Intended Outcome**

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

**Practice 10.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The ARMC of the Company is responsible for monitoring and reviewing the effectiveness of the Group's Internal Audit function.</p> <p>The Group's internal audit function is carried out by an external internal audit company, which reports directly to the ARMC on its activities based on the approved annual Internal Audit Plan. The planning process for the year's audit work . Themes from prior year audits, key risk areas and fundamental controls feed into the selection of the audit area and segment, which is approved by the ARMC.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Group’s Internal Audit (“IA”) function reports functionally to the ARMC of the Board. This reporting relationship promotes independence and objectivity, which assures adequate consideration of audit recommendations and planned corrective actions, and gives the Internal Audit staff the authority needed for full, free and unrestricted access to all operations, records, property and personnel within the Group. In performing its function, Internal Audit has no direct responsibility or authority over any of the activities it reviews. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor’s judgment. The Head of IA will confirm to the Board annually the organisational independence of the IA activity. The activities of the Group’s IA function are guided by Internal Audit Charter and Annual Audit Plan that are approved by the ARMC. The Group IA function is carried out in accordance with The International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors (“IIA”) Global.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company strives to maintain an open and transparent channel of communication with its stakeholders, institutional investors and the investing public at large with the objective of providing as clear and complete picture of Scicom Group's performance and financial position as possible. The Company believes that a constructive and effective investor relationship is an essential factor in enhancing value for its shareholders. However, whilst the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.</p> <p>The AGM is the principal forum for dialogue with shareholders, who are given the opportunity to enquire and seek clarification on the operations and financial performance of Scicom Group. In addition, the Company uses the following key investor relation activities in its interaction with investors:-</p> <ul style="list-style-type: none"><li>• Meeting with analysts and institutional fund managers;</li><li>• Participating in road shows and investors conferences, both domestically and internationally; and</li><li>• Participating in teleconferences with investors and analysts.</li></ul> <p>Scicom's website <a href="http://www.scicom-intl.com">www.scicom-intl.com</a> provides shareholders and the public to access corporate information, financial statements, news and events related to Scicom Group on a timely basis.</p>



	<p>Shareholders and the investing public are allowed to write in to Scicom if they have questions.</p> <p>The Board maintains a dialogue with shareholders, directed towards ensuring a mutual understanding of objectives. Its primary contact, facilitated by the Head of Investor Relations, is through the CEO. During the financial year, Scicom enjoys a relatively high level of coverage and exposure to the investment community.</p> <p>Besides the above, management believes that the Company's Annual Report is a vital and convenient source of essential information for existing and potential investors and other stakeholders. Accordingly, the Company strives to provide a high level of reporting and transparency that goes beyond mandatory requirements in order to provide value for stakeholders.</p>	
<b>Explanation for departure</b>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>		
<b>Timeframe</b>		

### Intended Outcome

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

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

### Practice 11.2

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

<b>Application</b>	Departure
<b>Explanation on application of the practice</b>	
<b>Explanation for departure</b>	Scicom continuously enhances its annual report in order to improve its communication with its stakeholders with regards to the company's financial results, business performance and business operations The information disclosed in the annual report is in line with current regulatory and statutory guidelines and the principles which underpin integrated reporting that include the company's strategy, governance, performance and prospects.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	The Company will continually enhance the content of the annual report to improve our communication to our stakeholders.
<b>Timeframe</b>	The company will monitor the market practice and any developments in respect of integrated reporting for future consideration.

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The 2018 AGM is to held on 22 November 2018 and the Notice convening the AGM was sent to shareholders on 24 October 2018, which was 28 days' notice prior to the 2018 AGM. In addition to sending the notice, the Company also published the AGM Notice on its website and the information still remains on its website. Under the Companies Act 2016, an AGM should be called by giving at least 21 days' notice of the meeting. Nevertheless, the Board will provide for a 28 days' notice period for its AGM because we believe it is beneficial for the shareholders as they will get sufficient time to make an informed decision regarding the AGM business agenda of the company.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All the Directors of the company attended the 2017 AGM which was held on 13 <sup>th</sup> November 2017	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>			

### Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The law and regulations concerning AGMs, together with accepted market practices, vary among the jurisdictions. We have reviewed the CG Code recommendation that companies encourage greater shareholder participation at AGMs by allowing shareholders to vote in absentia via such methods as email, fax etc. Following advice that the present legal and regulatory environment is not entirely conducive to absentia voting methods (particularly email voting), we have decided to defer the introduction of absentia voting methods until an appropriate time.</p> <p>As stated in the Constitution of the Company, Notice of AGM together with proxy form and AGM Guide are sent to shareholders. The Company allows its shareholders to vote in absentia or by proxy, provided that the proxy shall have been appointed by the shareholder himself or by his duly authorised attorney or representative provided further that it is filed at the registered office of the Company for at least 48 hours before the AGM. Hence, we believe that the shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at our AGM.</p> <p>The Company's website is the key communication channel for the Company to reach its shareholders and general public. The Investor Relations section enhances the investor relations function by including all announcements made by the Company, financial results, annual reports, corporate presentation, financial calendar as well as enquiries. The shareholders and general public may direct their enquiries on the Company via "Enquiries" and the Company's Investor Relations team will endeavour to reply to these queries in the shortest possible time.</p> <p>All shareholders of the Company receive the annual report of the Company and the notice of AGM, which is also advertised in the press</p>

	<p>and released via Bursa Link. The full Board was present at the last AGM, and the full Board plans to attend the 2018 AGM, which provides an opportunity for all shareholders to question the Directors in person. Historically, the Company's AGMs have been well attended.</p> <p>It has always been the practice for the Chairman to provide ample time for the Q&amp;A sessions in the AGMs and for suggestions and comments by shareholders to be noted by management for consideration.</p> <p>The Company has been implementing poll voting for all the resolutions set out in the Notice of AGM via electronic means since 2016 AGM to expedite verification and counting of votes. In addition, the Company will appoint one (1) scrutineer to validate the votes cast at the AGM.</p> <p>The Company, through its Polling Agent, ensures that all valid proxy or corporate representative or attorney appointments received are properly recorded and counted.</p> <p>The Chairman announces the electronic poll voting results at the AGM, and the poll results are announced on the same day through Bursa Link service. In 2017 AGM were passed without a significant proportion of votes against.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>: The Board will need to further seek guidance from regulators and also to carefully study and assess what is the best practice solutions over time in terms of system infrastructure, technical support, costing and readiness of shareholders, before adopting this practice.</p>
<p><b>Timeframe</b></p>	<p>: Within 5 years subject to review by the Board</p>