

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7174
COMPANY NAME : CAB CAKARAN CORPORATION BERHAD
FINANCIAL YEAR : September 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of CAB Cakaran Corporation Berhad ("the Company") is governed by the Board Charter which guides, regulates and delineates clearly relevant matters reserved for the Board's approval, and those which the Board may delegate to the Board Committees, the Group Managing Director and the Management.</p> <p>The Board has five Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee, Risk Management and Sustainability Committee and Halal Committee to assist the Board. Each committee is governed by their Terms of Reference and the Terms of Reference are made available for reference at the Company's website at www.cab.com.my.</p> <p>The Board assumes, amongst others, the following principal roles and responsibilities in discharging its stewardship role, fiduciary and leadership functions:</p> <ul style="list-style-type: none">(a) Reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's business;(b) Overseeing the conduct of the Group's businesses and evaluating whether or not its businesses are being properly managed;(c) Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;(d) Ensuring that all candidates appointed to Senior Management positions are of sufficient calibre, including the orderly succession of Senior Management personnel;

- (e) Overseeing the development and implementation of a shareholder communications policy, including an investor relations programme for the Company;
- (f) Reviewing the adequacy and integrity of the Group's internal control and management information systems;
- (g) Carrying out periodic review of the Group's financial performance and operating results and major capital commitments; and
- (h) Reviewing and approving any major corporate proposals, new business ventures or joint ventures of the Group.

The Board's play an active role in reviewing and monitoring the Group's overall strategic and financial plans. The Board reviews and approves on a yearly basis the proposed business plan and budget of the Group as well as the capital expenditure at the Board Meetings.

The Board reviews the performance and results of the business at individual business unit level and group level on a regular basis at its quarterly meetings by monitoring the Group's financial results against the budget and the preceding quarter's results. The Board receives updates on financial, operational, corporate, regulatory, business development and audit matters for the decisions to be made on an informed basis and effective discharge of the Board's responsibilities.

The Group Managing Director, Executive Directors and/or other relevant Board members with the assistance of senior management team will furnish comprehensive explanation on pertinent issues and recommendations by the Management. The issues are then deliberated and discussed thoroughly by the Board and the Board will give in depth consideration, guidance, ideas and feedback on the Company's strategy over short, medium and long term, prior to decision making. In addition, the Board members are updated on the Company's activities and its operations on a regular basis.

The Board also deliberates and evaluates the feasibility of business propositions and corporate proposals as well as the principal risks that may have a significant impact on the Group's business.

External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required.

The Board, through the Risk Management and Sustainability Committee sets risk tolerance levels, objectives, performance targets and policies to manage the key risks faced by the Group. The details of the risk management framework are set out in the Statement on Risk Management and Internal Control of the Company's Annual Report 2018.

	<p>The Management team conducted quarterly meetings with each business unit heads to review, discuss, deliberate, consider and submit proposals to the Board for final decision on issues of financial performance, business plan, risk management, information technology support, corporate governance, business development, investment activities, current issues faced which require the Board's input and decision.</p> <p>The Management and the Board also discuss and resolve risk management and sustainability-related issues, in particular, on business development, costing, environment and social aspects.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the board is responsible for instilling good corporate governance practices, leadership and effectiveness of the board. Mr. Chuah Ah Bee is the Executive Chairman of the Company. He has extensive experience in the poultry industry which is essential for the continued growth of the Company.</p> <p>As Executive Chairman, Mr. Chuah assumes, among others, the following responsibilities :</p> <ul style="list-style-type: none">(a) ensuring that the Board functions effectively, cohesively and independently of Management;(b) leading the Board in establishing and monitoring good corporate governance practices in the Company and Group;(c) leading the Board, including presiding over Board meetings and Company meetings and providing strategic leadership in directing the Board's agenda and putting priorities more objectively to effectively address the critical issues facing by the Company;(d) ensuring that all relevant issues and quality information to facilitate decision making and effective running of the Group's business are included in the meeting agenda;(e) encouraging active participation and discussion to ensure no individual member dominates discussion and that dissenting views can be freely expressed and discussed before a Board decision is made;(f) promoting constructive and respectful relationship between board members and between board members and management; and(g) ensuring that there is effective communication between the Company and/or Group and its shareholders and relevant 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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles of the Executive Chairman and the Group Managing Director ("Group MD") are provided in the Board Charter which is available on the Company's website at www.cab.com.my.</p> <p>The roles of the Executive Chairman and the Group MD are distinct and separate, with a clear division of responsibilities between them to ensure an appropriate balance of power, increased accountability and greater independence in decision making. The Executive Chairman and Group MD are held by Mr. Chuah Ah Bee and Mr. Chuah Hoon Phong respectively.</p> <p>As the Executive Chairman, Mr. Chuah Ah Bee has been leading the Board in its responsibilities for the corporate directions, business and affairs of the Company and oversight of management.</p> <p>As the Group MD, Mr. Chuah Hoon Phong, who is assisted by his fellow Executive Directors, is responsible to the Board for the overall management, profit performance of the Group, organisational effectiveness and implementation of Board policies, strategies and decisions. He leads the management team and is responsible for the day-to-day operations and administration within the framework of Company policies, reserved powers and routine reporting requirements.</p> <p>The Group MD may delegate aspects of his authority and power but remains accountable to the Board for the Company and Group's performance.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	: Applied
Explanation on application of the practice	<p>The Company Secretary plays an important advisory role and is a source of information and advice to the Board and its Committees on issues relating to requirements and compliance with laws, rules, regulations, board policies and procedures affecting the Company and Group.</p> <p>The Board is supported by two company secretaries, one of whom is an Associate of the Malaysian Institute of Chartered Secretaries and Administrators while the other is a licensed Company Secretary by Companies Commission of Malaysia.</p> <p>Every Board member has ready and unrestricted access to the advice and services of the Company Secretaries who are capable of carrying out the duties and responsibilities.</p> <p>The Companies Secretaries constantly keep themselves updated of the regulatory changes and corporate governance developments by attending workshops, conferences and training programmes organized by MAICSA, Securities Commission, Companies Commission Malaysia, etc.</p> <p>During the financial year, the Company Secretaries have carried out the following tasks:</p> <ul style="list-style-type: none">(a) Attend and ensure proper conduct and procedures at all Board Meetings, Board Committee Meetings, Annual General Meeting, Extraordinary General Meeting and any other meetings that require the attendance of Company Secretary and ensure that meetings are properly convened;(b) Ensure that the quarterly financial results, audited financial statements, annual reports, circulars, etc and all relevant announcements are announced to Bursa Malaysia Securities Berhad and Securities Commission on a timely basis;(c) Ensure that deliberations at the meetings are well captured and minuted;

	<p>(d) Ensure that the Company complies with the Main Market Listing Requirements and the requirements of the relevant authorities;</p> <p>(e) Inform and keep the Board updated of the latest enhancement in corporate governance, changes in the legal and regulatory framework, new statutory requirements and best practices;</p> <p>(f) Keep the Directors and principal officers informed of the closed period for trading in the Company's shares; and</p> <p>(g) Ensure proper record and maintenance of the Company's proceedings, resolutions, statutory records, register books and documents.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Practice 1.5

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board meets on a quarterly basis, with additional meetings convened as and when necessary. The notice of Board meetings are sent out to the Directors via email at least 7 days prior to the meeting. The materials of the Board together with its detailed reports, proposition papers and other relevant information on matters requiring the consideration of the Board were circulated to all Directors for their perusal and consideration generally 3 to 5 days prior to each Board meeting. This is to allow time for the Directors to review the Board papers and to facilitate full discussion at the Board meeting. The Board papers are comprehensive and encompass both quantitative and qualitative factors so that informed decisions are being concluded.</p> <p>All proceedings from the Board meetings are recorded and confirmed by the Chairman of the meeting. The minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation. Upon receiving confirmation from all the members at the Board meetings, the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the meeting. Signed copies of the minutes were kept in the minutes book maintained by the Company Secretary.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	In line with the MCCG 2017, the Company would work towards providing the relevant meeting papers to the Board not less than 5 business days before the meeting and circulate the draft minutes of meeting in a timely manner after conclusion of the Board and Board Committee meetings.
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 a Board Charter and it is published on the Company's website at www.cab.com.my.</p> <p>The Board Charter sets out the principles governing the Board of Directors of the Company and adopts the principles of good governance and practice in accordance with applicable laws, rules and regulations in Malaysia. The Board Charter also sets out the respective roles and responsibilities of the Board, board committees, individual directors and managements; and issues and decisions reserved for the Board.</p> <p>The Board will periodically review the Board Charter and make any changes whenever necessary to ensure that the Board's objectives are aligned with the latest regulations. The Board Charter was last reviewed on August 29, 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 Code of Ethics and Conduct is published on the Company's website at www.cab.com.my.</p> <p>The Board has formalised a Code of Ethics and Conduct that set out the basic principles to guide all the directors and employees of the Company and the Group. The Code of Ethics and Conduct sets out the principles on dealing with conflicts of interest, insider trading, fair dealing and equality in employment, health and safety and compliance with the laws.</p> <p>The Directors and employees of the Company are obliged, at all times, to comply with the law and Code of Ethics and Conduct and are encouraged to report suspected unlawful and unethical behaviour.</p> <p>The Directors have the duty to declare immediately to the Board of their interests in any transaction to be entered into directly or indirectly with the Company or the Group. The interested Director shall abstain from all deliberations and decision making of the Board on the transaction. In the event where a corporate proposal is required to be approved by the shareholders, the interested Director will abstain from voting in respect of their shareholdings in the Company and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolution.</p> <p>Employees are obliged to observe the standards of ethical behaviours and the rules of conduct at the workplace as stated in the Employees' handbook adopted by the Company.</p> <p>The Board will periodically review the Code of Ethics and Conduct to ensure it remains relevant and appropriate. The details of the Code of Ethics and Conduct are available for reference at the Company's website at www.cab.com.my.</p>

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

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has put in place a Whistle-Blowing Policy to provide an avenue for employees and stakeholders to report genuine concerns about unethical behavior, malpractices and illegal acts on failure to comply with regulatory requirements without fear of reprisal. All cases shall be independently investigated and appropriate actions taken where required.</p> <p>Included in the policy are the procedures and the independent persons to which report on any suspected wrongdoing maybe reported for further investigation. The whistle-blower can address his/her complaints to the Group Managing Director or Chairman of the Audit Committee.</p> <p>The Board will periodically review the Whistle-Blowing Policy to ensure it remains relevant and appropriate.</p> <p>The details of the Whistle-Blowing Policy are available for reference at the Company's website at www.cab.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>As at the date of this Corporate Governance Report, the Board comprises nine (9) Directors, i.e. three (3) Independent Directors, one (1) Non-Independent Non-Executive Director and five (5) Executive Directors, fulfilling the Main Market Listing Requirement's provision for at least one-third of the board of directors or two directors, whichever is higher, being Independent Directors.</p> <p>The Board, through the Nomination Committee, has examined and considered its present Board size and is satisfied that its current Board size facilitates effective decision-making and is appropriate for the nature and scope of the Group's operations. Notwithstanding that the Board does not comprise at least half of Independent Directors as recommended in Practice 4.1 of the Malaysian Code on Corporate Governance 2017 ("the Code"), there is a good mix of members with complementary skills, core competencies and experience that could effectively contribute to the Group. The present scenario, which does not accede to Practice 4.1 of the Code, does not jeopardise the position of the Board to make independent deliberations and decisions in the best interest of the Company.</p> <p>As a member of the Board, the Independent Directors take their roles and responsibilities to shareholders and other stakeholders seriously, and hold constant discussions and deliberations during Board and Board Committee meetings. They are also open to raise ideas and offer different views in deliberations during Board or Board Committee meetings. They do not shy away from asking hard and uncomfortable questions during deliberations and are willing to challenge Management if the answers provided are not to their satisfactory. Hence, this accumulation of expertise and experience as well as the nurturing of an open and transparent discussion environment during Board meetings, have helped to ensure healthy discussion and deliberation on Company matters.</p> <p>The current size and composition of the Board reflects the interest of shareholders as the current structure of the Board ensures that no single individual or group dominates the decision making process. The presence of Independent Non-Executive Directors</p>

	<p>also safeguard the interest of the stakeholders in ensuring that the highest standard of conduct and integrity are maintained.</p> <p>Ms. Wijanti Tjendera, the nominee director of Plant Wealth Holdings Limited, a major shareholder of the Company, who was appointed as a Non-Independent Non-Executive Director of the Company, provides independent deliberation, review and decision making to the Board.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>	<p>The Board will take steps to ensure their compliance with the Code's requirements to have at least half of the board comprises of Independent Directors. The Nomination Committee and the Board will continue seeking new Independent Directors who meet the required criteria and merit with due regard for diversity in skills, experience, age and cultural background that suits the Company's strategic goals to join the Company. At this juncture, the Board had not ascertained a timeframe of achieving this target but will do at the best endeavour to appoint a new Independent Non-Executive Director.</p> <p>The Board endeavours to fulfil the said recommendation in the coming years.</p>	
<p>Timeframe :</p>		

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 - Two Tier Voting
Explanation on application of the practice	<p>Presently, Tuan Haji Ahmad Fazil Bin Haji Hashim is the Independent Non-Executive Director of the Company whose tenure has exceeded a cumulative term of twelve (12) years.</p> <p>The Company has sought annual shareholders' approval at the Sixteenth Annual General Meeting ("AGM") for Tuan Haji Ahmad Fazil Bin Haji Hashim to continue to serve as an Independent Directors on the Board. The latest shareholders' approval was obtained at the last AGM held on March 23, 2018 via a two-tier voting process.</p> <p>The Board has recommended Tuan Haji Ahmad Fazil Bin Haji Hashim for re-appointment as Independent Non-Executive Director of the Company whose tenure exceed 12 years via a two-tier voting process at the coming Seventeenth AGM of the Company to be held on March 22, 2019 with the following justifications:-</p> <ul style="list-style-type: none">(i) He has met the criteria under the definition of Independent Director pursuant to Chapter 1 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements;(ii) He has vast experience in the various industries the Group is involved in and as such could provide the Board with a diverse set of experience, expertise and independent judgement;(iii) He has consistently challenged the management in an effective and constructive manner;(iv) He has good and thorough understanding of the main drivers of the business in a detailed manner;(v) He has actively participates in Board deliberations and decision making in an objective manner; and

	(vi) He has exercises due care in all undertakings of the Group and carries out his fiduciary duties in the interest of the Company and minority shareholders.	
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 Board acknowledges the importance of a diverse mix of skills and profiles of the directors on the Board and Senior Management, in terms of age, ethnicity, gender, business experience and personal skills to provide the necessary perspective, experience and expertise required to achieve effective stewardship and management of the Company's operation.</p> <p>The Group does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the workforce. The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is strictly based on the candidates' competency, skills, character, time commitment, knowledge, expertise, professionalism, suitability and character of a person in meeting the needs of the Group, regardless of gender, ethnicity and age.</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 acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG 2017 to the establishment of boardroom and workforce gender diversity policy. The Board currently has two (2) female directors which represents 22.2% of the Board members, reflects the Board’s commitment towards achieving a more gender diversified Board.</p> <p>The Board will endeavor to ensure that gender, ethnicity and age diversity will be taken into account in nominating and selecting new Directors to be appointed to the Board. The board does not have any target or measure to meet the 30% women directors.</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	:	<p>The Board appoints its members through a formal and transparent selection process, which is consistent with the Company's Constitution. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee ("NC"). The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure all appointments are properly made and that legal and regulatory requirements are met.</p> <p>The appointment process of a new Director is summarized as follows:</p> <ul style="list-style-type: none">(i) The candidate identified upon the recommendations from the existing Board of Directors and Management or their contacts in related industries, finance, accounting or legal professions and/or major shareholders;(ii) In evaluating the suitability of candidates to the Board, the Nomination Committee considers, inter-alia, the required mix of skills, expertise, experience, time commitment and contribution of the candidates can bring to the Board. In the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independency will be considered;(iii) Recommendation to be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and(iv) Decision to be made by the Board on the proposed new appointment including appointment to the various Board committees. <p>During the financial year 2018, there was no new appointment of directors in the Company. The Board takes note of the guideline and may, through its Nomination Committee, consider identifying potential candidates for appointment of directors from various external sources such as professional advisory firms/associations should the need arise.</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 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Nomination Committee is Tuan Haji Ahmad Fazil Bin Haji Hashim, who is the Senior Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The annual assessment on the effectiveness of the Board, its committees and each individual director was conducted internally via questionnaires/self-assessment forms.</p> <p>The evaluation process is carried out by the NC and guided by the Corporate Governance Guide-Towards Boardroom Excellence. The individual Directors and Committee members are required to complete the separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The Board Committees carried out their evaluation with the view to maximize the performance of the individual committees in the interest of the Company. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. These assessments and comments were summarised and discussed at the NC meeting which were then reported to the Board at the Board Meeting held thereafter.</p> <p>The NC evaluated all the above assessment forms at the NC Meeting held on December 21, 2018 and was satisfied with the performance of the Board and Board Committees as well as the performance of individual Directors.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The remuneration for directors and senior management of the Company are based on the policy and procedures of the Group. The policy and procedures is published on the Company's website.</p> <p>The primary function of the Remuneration Committee ("RC") is to review the policy of remuneration framework and recommend to the Board the remuneration packages of all the Directors and senior management according to the Group's financial performance, the skills, level of responsibilities, experience and performance of the Directors and senior management.</p> <p>The remuneration of Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The RC reviews the Board's remuneration policy and terms of service of each Director annually taking into consideration market conditions and comparisons, responsibilities held, business strategy, long term objectives and the overall financial performance of the Group.</p> <p>The RC is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend to the Board for their consideration. Non-Executive Directors are paid by way of fixed monthly fees and a meeting allowance for each meeting attended. Individual Director is not allowed to participate in discussion of his / her own remuneration.</p> <p>The directors' fees and benefits are recommended by the Board for the approval of shareholders of the Company at the 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

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 Board has established a Remuneration Committee ("RC") comprising all Independent Non-Executive Directors. They are Mr. Lim Ghim Chai, Tuan Haji Ahmad Fazil bin Haji Hashim and Mr. Goh Choon Aik.</p> <p>The RC has a written Terms of Reference which was last reviewed on December 21, 2018 and is published at the Company's website at www.cab.com.my.</p> <p>The RC is tasked to review the remuneration package of the Executive Directors / Chairman and senior management which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The RC reviews the Board remuneration policy and terms of service of each Director annually taking into consideration market conditions and comparisons, responsibilities held, business strategy, long term objectives and the overall financial performance of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The detailed disclosure on named basis for the remuneration of individual directors, detailing fees, salary, bonus and other emoluments received / receivable from the Company and its subsidiaries for the financial year 2018 are stated in the page 35 of the Annual Report 2018 under the Corporate Governance Overview Statement.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company has not disclosed on named basis the top five senior management's remuneration components in bands of RM50,000.</p> <p>The Company acknowledges the need for corporate transparency in the remuneration of its key senior management's remuneration. In view of the highly competitive industry conditions in which the Company is operating, the Company is of the view that the disclosing of the remuneration of senior management would be a disadvantage to the Group and may detrimental to the Company's business interests given the challenges faced by the Company in talent management and retention.</p> <p>The Company's remuneration policy for directors and senior management has alternatively explained how the senior management is rewarded. The policy is available at the Company's website.</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

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee is chaired by Mr. Lim Ghim Chai, an Independent Non-Executive Director. He is not the Chairman of the Board.</p> <p>The Audit Committee, which comprises three Independent Non-Executive Directors, assists the Board to review the Group's financial reporting process, the system of internal control, the audit findings and the Group's process for monitoring compliance with laws and regulations and such other matters which may be delegated by the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>During the financial year, in line with the recommended practice 8.2 of the Malaysian Code on Corporate Governance, the Audit Committee had revised its Terms of Reference to incorporate a clause on cooling-off period of at least two years before a former key audit partner can be appointed as a member of the Audit Committee.</p> <p>To-date, the Company has not appointed a former audit partner to be a member of the Audit Committee.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee assesses the suitability and independence of the external auditors on an annual basis.</p> <p>The Audit Committee had on December 21, 2018, upon completion of the audit, assessed the independence and performance of the external auditors by completing a Performance and Independence Evaluation questionnaire. Areas of assessment including amongst others, the external auditor's suitability, objectivity, independence, audit fees, size and competency of the audit team, audit strategy, audit reporting and partner involvement. The inputs / opinions from the Company's personnel who had constantly contacted with the external audit team throughout the year would be used as one of the tools in the judgement of the suitability of the external auditor.</p> <p>The External Auditors, in supporting their independence, will provide the Audit Committee with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors have provided such declaration in their annual audit plan presented to the Audit Committee of the Company during the financial year.</p> <p>The Audit Committee and the Board are satisfied with the performance, competence and independence of the external auditors and the Board had recommended their re-appointment to the shareholders' approval at the forthcoming 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 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 comprises 3 members, all of which are Independent Non-Executive Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee led by the Chairman, Mr. Lim Ghim Chai, are financially literate and are able to understand matters under the purview of the Audit Committee and able to review the reliability of the financial statements prepared by the Group Financial Department and report effectively to the Board.</p> <p>Mr. Lim was a qualified Chartered Accountant with membership of the Malaysian Institute of Accountants and Chartered Accountants of Australia and has many years' of experience in corporate and business consulting. Tuan Haji Ahmad Fazil is knowledgeable in business and has good understanding of the technical requirements and inherent risk of the poultry business. Mr. Goh Choon Aik who is a registered town planner has many years' of experience in dealing with the land matters. The Audit Committee is mindful of the need to continuously undertake professional development training to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules by way of job training, attendance of various workshop, seminars and briefing sessions.</p> <p>All the Audit Committee members have completed the financial literacy questionnaires recommended in the Corporate Governance Guide – Towards Boardroom Excellence. The Board via the Nomination Committee assessed the financial literacy of the Audit Committee Members and was satisfied that all the members are financially literate and able to comprehend the duties required by them.</p> <p>The Group Finance Director is required to brief the Audit Committee members on the quarterly financial statements, budgets, the Management Discussion and Analysis and any other financial analysis. At intervals during the debriefing, questions will be raised on the financial statements by members of the Audit Committee. The Group Financial Director or the Executive Director will reply appropriately to the Audit Committee.</p>

	The Group Financial Director will from time to time update the Audit Committee Members on significant issues concerning the Group, such as new and significant accounting standards and its impact on the Group.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility for an effective risk management framework and internal control system of the Group. Such systems are designed to manage the Group's risk within an acceptable risk profile as well as safeguarding the interest of stakeholders and shareholders and the Group's assets.</p> <p>The system of risk management framework and internal control system involves each key business unit and its management, and is designed to meet the business units' particular needs, and to identify, monitor and manage potential risks to an acceptable risk appetite.</p> <p>The Risk Management and Sustainability Committee ("RMSC") assists the Board to overseas the risk management matters related to the activities of the Group.</p> <p>The RMSC is headed by the Group Managing Director, assisted by Independent Directors and members of key management team of the respective division.</p> <p>The primary responsibility and purpose of the RMSC is to assist the Board in fulfilling its responsibility with respect to evaluating, reviewing and monitoring the Group's risk management framework and activities on on-going basis. The RMSC reports to the Board regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and Management's view on the acceptable and appropriate level of risks faced by the Group's Business Unit.</p> <p>The RMSC is also supported by the Group's internal audit department who will provide an assessment on the adequacy and effectiveness of the internal control systems operating within the Group.</p> <p>The Statement on Risk Management and Internal Control which provides an overview of the state of risk management and internal control within the Group has been disclosed in pages 39 of the Company's Annual Report 2018.</p>

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

Intended Outcome

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 Board is responsible for the identification, evaluation and management of significant risks applicable to their respective areas of business together with the design and implementation of suitable internal controls.</p> <p>The Company has in place the Audit Committee and Risk Management and Sustainability Committee to perform various functions pertaining to managing risks and internal controls.</p> <p>The Group has in place the Risk Management Policy which lays down the responsibilities of the Board, the Risk Management Committee, the Risk Management Working Committee and others in relation to risk management.</p> <p>The risk management process was illustrated in the Statement of Risk Management and Internal Control, which was subject to the external auditors’ review and certification.</p> <p>Like-wise, the key processes that have been established to ensure the adequacy and effectiveness of the risk management and internal control system were also disclosed in the Statement of Risk Management and Internal Control subject to the external auditors’ review and certification.</p> <p>The Board receives assurance from the Group Managing Director and the Group Finance Director that the Group’s risk management and internal control system is operating adequately and effectively in all material aspects based on the existing risk management and internal control system of the Group.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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	:	Adopted
Explanation on adoption of the practice	:	<p>The Risk Management Committee was established on November 29, 2016 and was renamed to Risk Management and Sustainability Committee ("RMSC") on November 29, 2018. The RMSC comprises a majority of Independent Directors and the composition is as follows:</p> <p>Chuah Hoon Phong – Chairman (Group Managing Director)</p> <p>Lim Ghim Chai - Member (Independent Non-Executive Director)</p> <p>Goh Choon Aik – Member (Independent Non-Executive Director)</p> <p>The RMSC is headed by the Group Managing Director, assisted by Independent Directors and members of key management team of the respective division. The responsibilities and purposes of the RMSC are:</p> <p>(1) to assist the Board in fulfilling its responsibility with respect to evaluating, reviewing and monitoring the Group's risk management framework and activities on on-going basis. The RMSC reports to the Board regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and Management's view on the acceptable and appropriate level of risks faced by the Group's Business Unit; and</p> <p>(2) to include the establishment of the sustainability framework, review of the adequacy of the sustainability processes, ensuring effectiveness in identification, management and reporting of the Material Sustainability Matters in Economic, Environmental and Social aspects of the Group, monitoring and overseeing all sustainable strategies and initiatives of the Group.</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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group maintains an in-house Internal Audit Department to discharge the internal audit function independently.</p> <p>The Internal Auditors assist the Audit Committee and the Board in providing independent assessment on the adequacy, efficiency as well as effectiveness of the Group’s internal control system. The Head of Internal Audit Department presents audit reports, which detail the audit issues, Internal Audit’s recommendations and Management’s responses, to the Audit Committee during quarterly meetings. Apart from the audit report, the Head of Internal Audit Department also brings up outstanding issues stemmed from follow-up verification, if any, into the knowledge of the Audit Committee for further monitoring.</p> <p>The results of the internal audit reviews and the recommendations are deliberated during the Audit Committee meetings. The Audit Committee Chairman briefs the Board on issues raised and highlights events requiring the Board’s attention, if any.</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>The Group's Internal Audit Department is free from any relationships or conflict of interest that can impair their objectivity and independence in the course of their work.</p> <p>The Group's Internal Audit Department has, at present, 2 staffs, as follows:</p> <p>Name : Koh Soon Huat Position : Senior Manager – Internal Audit Qualification : Graduated from Institute of Chartered Secretaries and Administrators, United Kingdom, and, Chartered Institute of Management Accountants, United Kingdom (with associate-ship awarded)</p> <p>Name : Ang Toon Wei Position : Assistant Manager – Internal Audit Qualification : Graduated from National Sun Yat-Sen University, Taiwan with a bachelor's degree</p> <p>The internal audit function works in accordance with the recognised framework, that encompasses annual planning of activities, adoption of risk-based approach in audit work, actual discharge of audit fieldwork at site/ subsidiaries, reporting and presenting audit reports to the relevant parties etc.</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 believes that a constructive and effective investor relationship is essential in enhancing shareholders value and recognizes the importance of timely dissemination of information to shareholders.</p> <p>The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving its shareholders as clear and complete information of the Company's financial performance, major developments and position as possible. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results.</p> <p>In addition to shareholders participation at general meetings, the Board also encourages other channel of communication with shareholders. For this purpose, shareholders and other stakeholders may convey their concerns relating to the Company to the Group Finance Director, Ms. Koay Lay Ean to whom any query and concern regarding the Group may be conveyed at the email cab@cab.com.my.</p> <p>The Company maintains a website, allows the shareholders, investors and members of the public to gain access to information and new events of the Group.</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 does not fall within the "Large Companies" definition as defined by the Malaysian Code on Corporate Governance 2017. The Company will aims to adopt integrated reporting 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	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The notice of the Seventeenth Annual General Meeting together with the Annual Report 2018 of the Company are despatched to the shareholders on January 30, 2019, which is more than 28 days' notice prior to the holding of the Company's Annual General Meeting on March 22, 2019.	
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>At the 16th Annual General Meeting ("AGM") of the Company held on 23 March 2018, 8 out of 9 Directors attended in person to engage directly with the shareholders.</p> <p>The Directors and Chairman of the Board Committee were present at stage to response to question raised by shareholders. The Group Finance Director and external auditors were also available to give response if there are any questions addressed to them during the meeting.</p> <p>Barring any unforeseen circumstances, all the Directors of the Company will be attending the forthcoming Annual General Meeting of the Company to be held on March 22, 2019.</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

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company has been holding its AGMs at the Company's head office, Plot 21, Lorong Jelawat 4, Seberang Jaya Industrial Park, Seberang Jaya, 13700 Perai, Penang. The AGM venue was familiar to most of Company's shareholders as for the past ten years, the Company's AGM were held at the same venue.</p> <p>The Company does not conduct meetings in remote location. However, it is currently not cost effective nor practical for the Company to leverage on technology to facilitate the voting in absentia or having remote shareholders' participation at general meeting.</p> <p>Alternative practice: Shareholders are allowed to appoint their representatives or proxies to attend, speak and vote on their behalf at a general meeting.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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