

CORPORATE GOVERNANCE REPORT

STOCK CODE : Minho 5576
COMPANY NAME : Minho (M) Berhad
FINANCIAL YEAR : December 31, 2020

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 Company has an experienced Board comprising four Executive Directors, three independent non-executive directors and one non-independent non-executive director. The Board of Directors is primarily responsible for charting and reviewing the strategic direction of the Group and delegates the implementation of these directions to the management. The independent non-executive directors are considered independent of any business or other relationship or circumstances that could interfere with the execution of their independent judgement and decision making in the best interests of the Company.</p> <p>The responsibilities of the Board are inclusive of but not limited to:</p> <ul style="list-style-type: none">i. Charting the strategic direction, and setting out short term and long-term plans for the Group.ii. Promoting ethical and best corporate governance culture in the Group.iii. Monitoring and reviewing compliance with internal control policies and risk management systems.iv. Monitoring compliance with relevant laws & regulations and accounting standards within the corporate and business environment.v. Overseeing and reviewing business operations within a systematic and controlled environment.vi. Monitoring the financial performance of the Group.vii. Appointing and determining the remuneration, duration and relevant appointment terms of the Executive Directors.viii. Assessing the performance of and developing the succession plan for the Executive Directors.

	<p>The Board is a synergy of dynamic and experienced individuals from various sectors which reflect many years' experience in logging, manufacturing, services, financial, legal and corporate affairs. The profiles of the members of the Board are set out in the Annual Report.</p> <p>The Board had delegated to the Group Managing Director ('MD') and his management team the day to day management of the Group.</p> <p>The responsibilities of the Management of the Group are inclusive of but not limited to:</p> <ul style="list-style-type: none"> i. Chart the strategic direction. ii. Develop short term & long-term plans. iii. Monitoring financial results, comparison with budget & analysis of variances. iv. Statutory compliance. v. Highlight to the Board key areas needing attention. vi. Manage Investor relations. vii. Engage adequate & suitable qualified personnel. viii. Uphold Corporate Governance; avoid conflicts of interest & unethical practices. <p>The Group MD, Dato Loo Keng An, and his management team are responsible for implementing the plans chartered out and the day to day management of the Group, with clear authority delegated by the Board.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has a clear distinction and separation of roles between the Chairman and the Group MD, with clear division of responsibilities. The Board of Directors is headed by Tan Sri Datuk Seri Ismail bin Yusof, an independent non-executive chairman, who has broad exposure and extensive experience in the international trade and investment arena. The Chairman leads the Board and facilitates its work. He engages directly with the Group Managing Director to understand and oversee the strategy implementation and performance delivery. He is responsible for ensuring the processes of the Board are effective in carrying out its duties and responsibilities, including the timely provision of sufficient relevant information on financial and nonfinancial matters. The Chairman, in conjunction with the Managing Director and Company Secretary, sets agendas for the meetings of the Board that focus in strategic direction and performance of 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

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	:	The Chairman of the Company is Tan Sri Datuk Seri Ismail bin Yusof, an Independent Non-Executive Director whereas the Group Managing Director of the Company is Dato' Loo Keng An.	
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 is supported by two suitably qualified and competent company secretary secretaries. Both Company Secretaries are qualified under S235(2)(a) of the Companies Act 2016 and are member of the Malaysian Institute of Accountants.</p> <p>The Company Secretaries support the Board and the relevant Board Committees to ensure their effective functioning in accordance with their terms of reference and best practices, taking into consideration the Corporate Governance ("CG") guide as promulgated by Bursa Malaysia Berhad.</p> <p>All Board and Board committee meetings during the financial year ended 31 December 2019, not to mention the 29th Annual General Meeting held on the 28 August 2020 were attended by one of the Company Secretaries. All deliberations at the meetings were recorded for the Board's reference and for action plans to be communicated to the Management to carry out and to be reported back to 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

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has timely access to relevant information pertaining to the Group. Prior to each Board meeting, the Agenda for the meeting together with comprehensive management reports & proposal papers are furnished to all Directors for their perusal 3 days before the meeting. Directors can obtain further clarifications from the management and the Secretary. Senior management and external advisors may be invited to attend Board Meetings to provide further details, clarifications and/or advise the Board as and when required on matters to be deliberated. Should any Director be unable to attend any Board meeting, he may give his opinion in advance or through tele or video conferencing, and such opinion will be considered in the decision-making process at the Board meeting.</p> <p>All matters discussed and resolutions passed at each Board meeting are recorded in the minutes of the meeting. These minutes are circulated to all Directors for their confirmation and any Director can request for further clarification on the minutes prior to their confirmation.</p> <p>The members of the Board also evaluate business propositions and corporate proposals that require Board approval. The Board is regularly updated and advised on new regulatory requirements relating to the duties and responsibilities of Directors. Further advice can be obtained from the Company Secretary or from external professionals where necessary.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter sets out the composition, roles and responsibilities and processes of the Board.</p> <p>The Board Charter, which serves as a strategic guidance and effective oversight of management, is also intended to provide a concise overview of:</p> <p>the roles and responsibilities of the Board, the Chairman, individual directors, the Managing Director and management.</p> <p>delegation of authority by the Board to various committees established in assisting the Board to execute its duties and responsibilities; and</p> <p>Board operating procedures and practices pertaining to meetings, training and development, code of conduct and declarations on conflicts of interest.</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	:	The Board has adopted a Code of Conduct and Ethics for the Directors of the Company. The code covers a range of best business practices and procedures and requires all Directors to observe high ethical business standards, and to apply these values to all aspects of the Group's business behaviour and to act in the best interests of the Group and its shareholders. The Company will implement and upload its Anti-Corruption Policy through the Company's website at www.minhomalaysia.com in 2020.	
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>1. Policy Statement</p> <ul style="list-style-type: none">a. Minho (M) Berhad is committed to achieving and maintaining high standards of behaviour at work.b. All employees and stakeholders are encouraged to report in good faith genuine concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements without fear of reprisal.c. Minho views any harassment or retaliation in any form or manner against genuine whistle blowers seriously and will treat such action as gross misconduct, which may lead to dismissal. <p>2. Whistle Blowing</p> <ul style="list-style-type: none">a. Whistle Blowing is a specific means by which a worker or stakeholder can report or disclose through established channels, concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements.b. Only genuine concerns should be reported under Whistle Blowing procedures. This report should be made in good faith with a reasonable belief that the information and any allegation in it are substantially true, and the report is not made for personal gain. Malicious and false allegations will be viewed seriously and treated as a gross misconduct. <p>The policy is available at the Company's website.</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

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>The Board comprised of 3 independent directors, 1 non-independent non-executive director and 4 executive directors. The independent directors' representation on Board was equivalent to 37.5%.</p> <p>The number of independent directors of Minho (M) Berhad complied with the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") where at least 2 directors or 1/3 of the Board members, whichever is higher are independent directors.</p> <p>As alternate practice, the Board operates in the manner that its directors exercise independent judgement and with the interests of the shareholders always in the forefront when important decisions are made by the Board.</p> <p>The independent assessments and opinions of the independent directors are important in ensuring the effectiveness of corporate governance practices of the Company. No individual director can dominate the decision-making of the Board despite the Board has representatives of the substantial shareholders.</p> <p>Additionally, the Board is helmed by an independent non-executive Chairman and the main Board Committees namely the AC, NC and RC comprised majority of independent directors are further indicators of independence.</p> <p>Each independent director of the Company is aware of his responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.

Timeframe	:	Choose an item.	
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Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Two Tier Voting
Explanation on application of the practice	:	<p>As recommended by the MCCG 2017, the tenure of an Independent Director of the Company should not exceed a cumulative term of nine years. An Independent Director may continue to serve the Board subject to re-designation as a Non-Independent Director. In the event the Board intends to retain the Independent Director after serving a cumulative term of nine years, shareholders' approval will be sought. The Board believes that valuable contributions can be obtained from directors who have, over a period of time, developed valuable insight of the Company and its business. Their experience enables them to discharge their duties and responsibilities independently and effectively in the decision-making processes of the Board, notwithstanding their tenure on the Board.</p> <p>The Board believes that the independent directors' experience in their own respective fields contributes immensely to the Company. The Board is also unanimous in its opinion that these independent directors' independence has not been impaired or compromised. Hence, the Board resolves to seek the shareholders' two-tier voting approval for them to continue serving as independent directors of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 4.3 - 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	:	The Board acknowledges the importance of age, nationality, professional background & gender diversity and recognises the benefits that such diversity can bring. The Nomination & Remuneration Committee ('NRC') considers diversity generally when making appropriate appointments to the Board, taking into account relevant skills, ethnicity, age, experience and knowledge. Notwithstanding the challenges in achieving the appropriate level of diversity on the Board, the Company will work towards addressing this as and when vacancies arise, and suitable candidates are identified. The Company's primary responsibility in new appointments to the Board and management must always be to select the best candidates available.	
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board practices non-discrimination in any forms whether based on age, gender, ethnicity or religion throughout the organisation. This includes the selection of board members and senior management. In addition, the Group believes that it is utmost important that the Board member comprises the best qualification and skillsets. In identifying suitable candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.	
		Appointment of any person to the company or Board will be made when a suitable candidate who can add value to the company or Board is identified. However, the Board would want to avoid the pitfall of tokenism which is not in the best interest of the Group.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Will disclose the company's gender diversity and statistics in next annual report.	
Timeframe	:	Within 1 year	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination & Remuneration Committee does an annual review of the composition of the Board and makes recommendations to the Board accordingly, keeping in mind the need to meet current and future requirements of the Group.</p> <p>The Committee is satisfied with the current size of the Board and with the mix of qualifications, skills & experience of its Board members. Part of the evaluation criteria is the commitment displayed the depth of contribution, ability to communicate and undertake assignments on behalf of the Board.</p> <p>The Committee is also open to referrals from external sources when Board vacancies 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	:	<p>The Nomination & Remuneration Committee comprises of all three independent directors and the MD, Dato' Loo Keng An:-</p> <ol style="list-style-type: none"> 1. Christopher Wan Tiong Seah (Resigned on 30/11/2020) 2. Tan Sri Dato' Seri Dr Salleh bin Mohd Nor 3. Tan Sri Datuk Seri Ismail bin Yusof 4. Dato' Loo Keng An 	
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	:	A formal evaluation process is being formulated to be put in place to assess the effectiveness of the Board as a whole. Results of the Board Evaluation and Individual Director Self/Peer Evaluation are to be presented to the NRC and Board meetings.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	The Nomination & Remuneration Committee also reviews the remuneration of the Board and Senior Management from time to time with a view to ensuring the company offers fair compensation and is able to attract and retain talent who can add value to the Company. Fees paid to Non-Executive Directors are tabled at the Company's AGM for approval.
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 NRC had undertaken the following responsibilities during the year under review:</p> <ul style="list-style-type: none">a) Facilitated annual assessment and performance of individual Directors, effectiveness of the Board as a whole and the Board Committees.b) Facilitated the annual review of the required skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.c) Conducted assessment on Directors who are subject to reappointment or re-election.d) Reviewed the Terms of Reference of the NRC.e) Conducted annual assessment on Independent Directors.f) Assisted the Board in assessing the training needs of the Directors during the year.g) Reviewed and deliberated on the quantum of Directors' fees.h) Reviewed annually the performance of the Managing Director & the Executive Directors and recommended to the Board their remuneration commensurate with their performance and contributions to the Group. <p>A copy of the NRC's Terms of Reference (TOR) is available on the Company's website.</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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board takes note of the Malaysia Code of Corporate Governance's recommendations. However, the Board also recognises that it not in the large company category and that it needs to take into account competitiveness, internal harmony and confidentiality issues.</p> <p>The Board believes the information disclosed is adequate and assures stakeholders that the remuneration is commensurate with the management and Company's performance and industry and market expectations and sufficient to retain and motivate all personnel.</p> <p>The Nomination and Remuneration Committee is comprised of a majority of independent directors and evaluations on remuneration are independent and in line with market levels.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 7.2

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 Board takes note of the Malaysia Code of Corporate Governance's recommendations. However, the Board also recognises that it not in the large company category and that it needs to take into account competitiveness, internal harmony and confidentiality issues.</p> <p>The Board believes the information disclosed is adequate and assures stakeholders that the remuneration is commensurate with the management and Company's performance and industry and market expectations and sufficient to retain and motivate all personnel.</p> <p>The Nomination and Remuneration Committee is comprised of a majority of independent directors and evaluations on remuneration are independent and in line with market levels.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit & Risk Management Committee ('ARMC'), Tan Sri Dato' Seri Dr Salleh bin Mohd Nor, is not the Chairman of the Board.	
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	:	The Audit & Risk Management Committee does not include any former key audit partner of the firm of external auditors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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>Assessment of External Auditors</p> <p>The Board has a formal and transparent relationship with the external auditors. The ARMC recommends to the Board on the appointment of the external auditors which is subject to the approval of shareholders at the AGM whilst their remuneration is determined by the Board. The role of the ARMC is further set out in their Report. The Board has private sessions and dialogues through the ARMC with the external auditors, in the absence of the executive directors and the management. For the year under review, there was one dialogue session with the external auditors.</p> <p>It is the practice of the ARMC to conduct an annual assessment of the external auditor. Areas of assessment include among others, the external auditor's objectivity and independence, size and competency of the audit team, audit strategy, audit reporting, partner involvement and audit fees. In support of the assessment on independence, the external auditors provide the ARMC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. Premised on the assessment result, the ARMC will make recommendations for re-appointment of external auditors accordingly.</p> <p>The Group adopted a policy of five (5) years rotation of External Auditors to enhance objectivity and independence. For the year under review, after taking into consideration of the audit performed by the external auditors and also the changes in the accounting standards, the ARMC decided to extend the services of the current external auditor for another rotation.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	All new appointees to the Board are given an introduction to familiarize themselves with the Group's operations so as to assist them in discharging their duties and responsibilities. They are required to attend the Mandatory Accreditation Programmes by Bursa Malaysia and thereafter to continually upgrade their knowledge and exposure through in-house training programmes as well as courses conducted by external parties. All Directors have completed the Mandatory Accreditation Programmes stipulated by Bursa Malaysia. Training programmes and seminars attended by the Directors of the Company during the financial year ended 31 December 2020 have been set out in the Company's Annual Report.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p><u>RECOGNISE AND MANAGE RISK</u></p> <p>Relevant Internal control systems are implemented for the day to day operations of the group. The Internal Audit has an independent reporting channel to the Audit & Risk Management Committee and is authorized to conduct independent audits of all the departments and offices within the group. It reports the findings to the Audit & Risk Management Committee at the end of each quarter.</p> <p>The Audit & Risk Management Committee reviews, deliberates and evaluates the effectiveness and efficiency of the internal control systems in the organization which are designed to manage and mitigate rather than eliminate risks in achieving the company's corporate objectives, safeguarding the company's assets as well as investors' interests.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	RISK MANAGEMENT FRAMEWORK The Group has in place processes for the identification, evaluation, reporting, treatment, monitoring and review of the major strategic, business and operation risks within the Group, covering both wholly and partially owned subsidiaries (excluding associates and jointly controlled entities). The Audit & Risk Management Committee (ARMC) and the Board of Directors review both the risk management and internal controls on a regular basis. The framework is continually monitored to ensure it is responsive to the changes in the Group's Corporate Structure.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Risk Management Committee has been merged into the Audit Committee. The Committee oversees the integrity of the financial statements, compliance with relevant accounting standards and the group's risk management and internal controls. The Committee comprises the following Independent Non-Executive Directors and Non-Independent Non-Executive Director:-</p> <ol style="list-style-type: none">1. Tan Sri Dato' Seri Dr Salleh bin Mohd Nor2. Tan Sri Datuk Seri Ismail bin Yusof3. Christopher Wan Tiong Seah (Resigned on 30/11/2020)4. Tan Choon Hian (Non-Independent Non-Executive Director)

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	:	COMPOSITION The Audit Committee is appointed by the Board from amongst their members and shall have at least three (3) and not more than five (5) members who shall:- a) be Non-Executive Directors of the Company, a majority of whom are independent. b) not comprise of persons having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the functions of the Committee.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 Company outsourced its internal audit function to an independent internal audit service provider, C.S. Teh & Co. which reports directly to the AC.</p> <p>The internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;</p> <p>The internal audit is outsourced to maintain objectivity and independence in their audit work.</p> <p>Brief profile of the internal auditors are as follows:</p> <p>Mr. Teh Chor Sin is a member of the Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Taxation (MIT). Mr.Teh is managing the sole-proprietor firm, C.S. Teh & Co. and also assist in managing a medium-size accounting firm in Klang, Selangor Darul Ehsan since 1997. C.S. Teh & Co. was formed to provide better services for the clients in Kuala Lumpur. Mr. Teh acquired his vast practical experience in auditing of both public listed and private limited companies involved in various industries while he was attached to Messrs. Ernst & Young, an international accounting firm for more than 10 years.</p> <p>Mr.Chor Wui Seng is a member of the Malaysian Institute of Accountants (MIA) and a member of Association of Chartered Certified Accountants (ACCA). Mr. Chor has been with the firm for more than 10 years and has extensive experience in the fields of external audits covering private and listed companies, internal audit and internal control review.</p> <p>The internal audit function is carried out in accordance with a recognised framework.</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	:	STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS The Annual General Meeting is the principal forum for dialogue and interaction with the shareholders. The Board is committed to provide shareholders with comprehensive and timely information about the Group's activities and performance to enable investors make informed decisions. Shareholders are encouraged to attend Annual General Meetings and use the opportunity to ask questions on resolutions being proposed and on the progress, performance and future prospects of the company. The Chairman and Board members, with the assistance of the external auditors, are responsible to respond and provide explanations on matters raised. Information on the Group's activities is provided in the Annual Report and Financial Statements which are despatched to shareholders. The Company also encourages shareholders and investors to access online the company's Annual report and up to date announcements, which are made available at the Bursa Malaysia website and the company's own website at www.minhomalaysia.com .
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	:	Applied
Explanation on application of the practice	:	<p>STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS</p> <p>The Annual General Meeting is the principal forum for dialogue and interaction with the shareholders. The Board is committed to provide shareholders with comprehensive and timely information about the Group's activities and performance to enable investors make informed decisions. Shareholders are encouraged to attend Annual General Meetings and use the opportunity to ask questions on resolutions being proposed and on the progress, performance and future prospects of the company. The Chairman and Board members, with the assistance of the external auditors, are responsible to respond and provide explanations on matters raised.</p> <p>Information on the Group's activities is provided in the Annual Report and Financial Statements which are despatched to shareholders. The Company also encourages shareholders and investors to access online the company's Annual report and up to date announcements, which are made available at the Bursa Malaysia website and the company's own website at www.minhomalaysia.com.</p> <p>Investors and the public who wish to contact the Group on any enquiry, comment or proposal can channel them through e-mail or contact the following persons:-</p> <p>Khibir Razali, Chief Financial Officer 03-32911200 khibirrazali@minho.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

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	:	In accordance with the recommendations of the MCCG 2017, the Company gives its shareholders at least 28 days prior notice of the AGM of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	The whole Board of Directors attends the Annual General Meetings of the Company. The Chairman of the Audit & Risk Management and Nomination & Remuneration Committees provide meaningful responses to questions addressed.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Company's Annual General Meeting has always been held in major towns since MINHO's listing in 1993 and not in any remote location.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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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