

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5048
COMPANY NAME : Yi-Lai Berhad
FINANCIAL YEAR : December 31, 2019

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 Directors ("the Board") acknowledges its key responsibilities include establishing the Group's objectives, deliberating and directing the strategic plans and policies and allocation of the Group's resources to align with the overall objectives of the Group. In discharging the Board's duties and responsibilities, the Board has delegated certain duties and responsibilities to four other Board Committees namely the Nomination Committee ("NC"), Remuneration Committee ("RC"), Audit Committee ("AC") and Risk Management Committee ("RMC") to assist the Board in overseeing the Company's affairs and in deliberation of issues within their respective functions and terms of reference which outline clearly their objectives, duties and powers.</p> <p>(a) The Board together with the support of the Management, promotes good corporate governance culture within the Group which reinforces prudent, ethical and professional behaviour.</p> <p>The Board recognises the importance of a Code of Conduct which sets out the principles and standards of business ethics and conduct applicable to all Directors and employees of the Group. All employees play an important role in establishing, maintaining and enhancing the reputation, image and brand of the Group. Since the Group has entities mainly operate in Malaysia and Singapore, the applicable laws and regulations of Malaysia and Singapore apply. The laws and regulations of both countries prohibit similar offences including conflict of interest, corruption, insider trading and money laundering. All Directors and employees are subjected to this statutory related code of conduct. All Directors and employees are required and must observe the confidentiality code of conduct on every action and communication within and external to the Group. All Director's and employees are not allowed to engage directly or indirectly in business activities that compete or are in conflict with the interest of the Group.</p>

- (b) The Board evaluates, sets and finalises the business strategy for the Group.

The Board meets at least four times a year to review the Group's overall business strategies, business operations, and financial results. Reports on the status of the business strategy and plan are presented by the Executive Director. The Independent Directors will voice out their concerns on the changes and discussion will be held on it.

- (c) On the sustainability aspect, the Board is committed to manage the Group's business to create a financially stable organisation and deliver value for our shareholders.

In developing the overall direction, business strategy and the governing framework, the Board has embedded sustainability factor in them. The Management has performed the assessment and identified material sustainability factors under 3 broad categories, namely economic, environmental and social. Detail Sustainability Statement is published in the Annual Report 2019.

- (d) The Board supervises and assesses management performance to determine whether the business is being properly managed.

The Management is responsible for the day-to-day Management of the operations. The Management comprises of an Executive Director from the Board, Assistant General Manager of Marketing, Production Manager, Factory Manager and Financial Controller. In addition, the Management is assisted and supported by the governance and regulatory committees established by the Board.

The performance of the Management is reported and discussed in the quarterly Board Meetings. The Management Reporting which is financially focused is the key summary for the Board to evaluate the results and indirectly the performance of the Management. Major operation issues, key production initiatives, material market development, risk and opportunities and proposed action plans by the Management are discussed as well.

- (e) The Board ensures there is a sound framework of internal controls and risk management.

The AC assists the Board in reviewing and ensuring appropriate internal controls and risk management function within the Group's operation. Any weaknesses on the internal controls and risk management will be highlighted by the internal audit function which is overseen by the Audit Committee.

- (f) The Board ensures there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risk.

The RMC oversees the enterprise risk management framework of the Group. RMC is responsible for reviewing and updating the risk register of the Group and reports to the AC on a yearly basis. Together with the Internal Auditor, the RMC can effectively fulfil its responsibilities in the aspect of risk management to ensure the exposure of the Group to the identified risks are managed and within control.

The Board has established, reviewed and approved the Enterprise Risk Management Framework for the Group. The risk register is developed under the approved Enterprise Risk Management Framework. Risks are assessed in critical function including Health Safety Environment, Finance, Information Management, Human Resource and Production. The RMC assists the AC and the Board to ensure all risks are managed and within the risk appetite of the Group.

- (g) The Board ensures effective communication with stakeholders is in place.

Announcements, quarterly and annual reporting are released on time to the public as per listing requirements of Bursa Malaysia. The stakeholders can obtain the information via Bursa website on www.bursamalaysia.com or the Group's corporate website at www.alpha-tiles.com.my.

The Board also ensures effective communication with stakeholders is in place whereby stakeholders are given chances to raise questions to the Board during its annual general meeting. Upon request, the Executive Director will meet up with institutional investors, press and investment analyst to provide them a better understanding of the Group's operation.

- (h) The Board ensures the integrity of the Group's financial and non-financial reporting.

The Audit Committee assists the Board in reviewing financial reporting such as quarterly and annual financial results and non-financial reporting such as disclosures and statements included in the annual report to ensure the Group is in compliance with relevant accounting standards and listing requirements of Bursa Malaysia.

AC meets at least four times a year and have discussions with both external and internal auditors to ensure the integrity of the Group's financial and non-financial reporting is in place.

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

Intended Outcome

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

Practice 1.2

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

Application	: Applied
Explanation on application of the practice	<p>The Chairman is elected by the Board members and has considerable experience in the Group's business. The Board is chaired by Dato' Wong Gian Kui, an Independent Non-Executive Chairman, who is able to provide effective leadership, strategic direction and necessary governance to the Group.</p> <p>The roles and responsibilities of the Chairman of the Board are stated in the Board Charter, which is available on the Group's corporate website at www.alpha-tiles.com.my.</p> <p>Dato' Wong Gian Kui provides leadership to the Board without limiting the principle of collective responsibility for the Board's decisions, leads Board meetings and discussions in a manner to encourage constructive discussions and effective contributions from each Director; reviews the minutes of the Board meetings to ensure that the minutes accurately reflect the Board's deliberations, and matters arising from the minutes have been addressed; encourages active participation and allows dissenting views to be freely expressed; ensures appropriate steps are taken to provide effective communication with the stakeholders and that their views are communicated to the Board as a whole and leads the Board in establishing and monitoring good corporate governance practices in the Company.</p> <p>The Non-Executive Chairman leads and supervises the Board to allow and ensure that the Board has effectively played its roles and discharged its responsibilities.</p> <p>The Chairman sets the tone and directs on a top-down approach to all the Directors and the governance and regulatory committees.</p> <p>The Chairman leads and facilitates the development of the business strategy and plan for the Group. The execution authority is delegated to the Management and its performance is periodically reviewed by the Board and the Chairman.</p> <p>The Chairman organises the Board in ensuring the governance and regulatory committees are effective in discharging their responsibilities with respect to all regulatory compliance including corporate governance, sustainability and financial reporting.</p>

	<p>Through Nomination Committee and Remuneration Committee, the Chairman ensures that the Board continues to be effective (via the annual assessment) and optimum composition of the Board is established.</p> <p>With the support of the Company Secretary, the Chairman: -</p> <ul style="list-style-type: none"> • Schedules Board Meetings; • Sets Board Meeting’s agenda; • Circulates Notice of Meeting; • Makes available all documents including minutes and management reports 7 days prior to the Board Meeting. <p>In the Board Meeting, Chairman facilitates the meeting in terms of pace, constructive discussion environment, within scope, on track, moderate differing views and ensure informed decision making.</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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman oversees the Board in the effective discharge of its supervisory role, the efficient organisation and conduct of the Board's function and meetings and committing the time necessary to discharge effectively his role as Chairman.</p> <p>The roles and responsibilities of CEO is assumed by the Executive Director (ED). The ED is responsible for the day-to-day management of the operations and the implementation of the Board's policies and decisions. He is supported by the management team, comprises of Assistant General Manager of Marketing, Production Manager, Factory Manager and Financial Controller.</p> <p>The position of Chairman of the Board and Executive Director in the Management team are held by two different individuals. The Chairman of the Board is Dato' Wong Gian Kui while the Executive Director is Mr Tan Jian Hong, Aaron.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by two (2) suitably qualified and competent Company Secretaries. Both the Company Secretaries of Yi-Lai Berhad have the required qualifications to act as Company Secretaries under Section 235(2) of the Companies Act 2016. They are external Company Secretaries with vast knowledge and experience from being in public practice and are supported by a dedicated team of company secretarial personnel.</p> <ol style="list-style-type: none">1. The Company's Secretaries handle the administrative aspects of all Annual General Meetings, Board Meetings and Governance and Regulatory Committee meetings. This includes the scheduling of the meetings, preparation and safe filing of minutes, follow up on outstanding matters and decision made, and tabling of all Directors' circular resolution passed since the previous meeting.2. The Company Secretaries plays an important advisory role to the Board as to the disclosure requirements that are set by Bursa Malaysia and Securities Commission.3. The Company Secretaries communicate, prepare and submit various statutory returns to the Suruhanjaya Syarikat Malaysia ("SSM"). They also lodge all alterations to the Company's statutory information with the SSM on a timely manner. In addition, the Company Secretaries complete and submit the Company's annual return and full accounts by the statutory deadline.4. The Company Secretaries also keep themselves updated with the ever-evolving capital market, changes in statutory regulations, updates and guidelines from regulators and Bursa Malaysia. The Company Secretaries are also keeping them refresh on the adherence to the Company Secretary's Code of Ethics developed by SSM.5. The Company Secretaries are the primary point of contact for institutional and other shareholders, statutory bodies and regulators including SSM, Securities Commission and Bursa Malaysia.

	The Board is satisfied with the services and performance of the Company Secretaries in supporting 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

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>At the end of each meeting, the Company Secretary will obtain an agreement with all Directors on the date, time and venue of the next meeting. This includes all key meetings such as Board Meeting, Audit Committee Meeting, Nomination Committee Meeting, Remuneration Committee Meeting and Annual General Meeting.</p> <ol style="list-style-type: none">1. All meeting materials are in the form of meeting file. Meeting files are prepared for every attendee to each meeting. The meeting file will include notice of meeting, agenda, minutes of the last meeting, management report (if applicable) and any other special reports/documents relevant to the respective meeting. The annual assessment on the effectiveness of the Board of Directors revealed that the required materials (complete and accurate) are made available to all Directors at least 7 calendar days prior to the meeting.2. The Chairman of respective meeting sets the tone of the meeting and facilitates the meeting. All matters discussed, decision made, unclosed matters and other material information/issues raised are recorded by the Company Secretary.
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 roles and responsibilities of the Board, including the responsibilities that are delegated to committees of the Board and the Management as well as membership and operation of the Board.</p> <p>The Board Charter is reviewed periodically and revised whenever there are changes in the needs of the Company or applicable laws, rules and regulations in Malaysia.</p> <p>The Board Charter is available on the Group's corporate website at www.alpha-tiles.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 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised a Code of Conduct and Ethics to articulate acceptable practices and to guide the behaviour of directors, management and employees of the Group when deal in situations that involve compliance with laws, rules and regulation, conflict of interest, anti-corruption, confidentiality, insider trading and improper use of company's assets.</p> <p>The Code of Conduct and Ethics is formulated based on three principles – Integrity, Accountability and Duty to Act in the Public Interest and Best Practice of the Group. The Code also promotes a safety culture in the Group. The Group uses its best endeavours to ensure a safe workplace and maintain proper occupational health and safety practices to commensurate with the nature of the Group's business. With the support of the Safety Committee, the Group continuously emphasises and instils safety mindset among all employees. The Group, the Board and the Management encourage all employees to report any unsafe act, facility and environment to the Safety Committee. This aligns with the sustainability policy of the Group.</p> <p>The Code of Conduct and Ethics is available on the Group's corporate website at www.alpha-tiles.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>Whistleblowing policy has been set up by the Board to provide an avenue for employees to raise concerns, report any breach of the Code and define a way to handle these concerns and breaches. It also enables the Management to be informed at an early stage about acts of misconduct. More importantly, it reassures employees that they will be protected for disclosing concerns/ breaches in good faith in accordance with this procedure. It promotes a culture of openness, accountability and integrity.</p> <p>The Audit Committee is the contact point for all employees. All members of the Audit Committee are the Group’s Non-Executive Directors. All reports should be sent directly to any of the Audit Committee member.</p> <p>The Whistle Blowing Policy is published and available for reference on the Group’s corporate website. The Board concluded that the Whistle Blowing Policy is still valid and relevant since it was last approved.</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	:	Applied
Explanation on application of the practice	:	<p>During the financial year 2019, the Board consisted of four (4) members, comprising one (1) Executive Director, one (1) Independent Non-Executive Chairman, one (1) Independent Non-Executive Director and one (1) Non-Independent Non-Executive Director.</p> <p>On 2 June 2020, Mr Lee Boon Siong was appointed to the Board as Independent Non-Executive Director.</p> <p>Presently the Board has three (3) Independent Directors which comprises of more than half of the Board thereby it meets the requirement of Paragraph 15.02(1) and (2) of Bursa Malaysia Listing Requirements and MCGG. The total composition of the Board are as follows:-</p> <ul style="list-style-type: none">(a) Dato' Wong Gian Kui - Independent Non-Executive Director(b) Mr Tan Jian Hong, Aaron – Executive Director(c) Ms Wendy Kang Hui Lin – Non-Independent Non-Executive Director(d) Ms Anita Chew Cheng Im – Independent Non-Executive Director(e) Mr Lee Boon Siong – Independent Non-Executive Director <p>The Independent Non-Executive Directors have maintained their ability to act in the best interest of the Company as a whole. The Independent Non-Executive Directors also maintained their independence in discharging their roles, duties and responsibilities during the financial year under review, and that each of them continues to fulfill the definition of independence as set out in the Bursa Malaysia Listing Requirements.</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 4.2

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
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 and the Nomination Committee review the effectiveness of the Board, its committees and the contributions of each individual director, including Independent Non-Executive Directors, on an annual basis. Various factors are assessed by the Committee including Board structure, size, composition and mix of skills, business acumen and competencies required for the Board to effectively discharge its duties. This is to ensure that only individuals with the proper knowledge, experience, calibre, professionalism and integrity to fulfil the duties of a Director. In the event of any vacancy in the Board composition, the Board will fulfill within 3 months to comply with Paragraph 15.02 of MMLR.</p> <p>Annually, an assessment on the effectiveness of the Board is conducted. This annual assessment covers:-</p> <ul style="list-style-type: none">• Board composition, age, gender, nationality and size• Segregation of duties, roles and responsibilities• Board balance – The composition of the Board, including the mix of Independent and Non-Independent Director• Board structure and procedures• Right mix of members with the appropriate skills, and experience to cope with complexities, competition and changes• Oversight of management <p>Another assessment on individual director is also conducted and the assessment covers:-</p> <ul style="list-style-type: none">• General knowledge and skill• Understanding the company• Contributions as a Director• Independence and Objectivity <p>The appointment of key senior management is also dependent on similar criteria including age, gender, skills, experience, education background and cultural background.</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 4.5

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	:	With the newly appointed Independent Non-Executive Director, Mr Lee Boon Siong, on 2 June 2020, the current composition of the Board are as follows:- (a) Dato' Wong Gian Kui - Independent Non-Executive Director (b) Mr Tan Jian Hong, Aaron – Executive Director (c) Ms Wendy Kang Hui Lin – Non-Independent Non-Executive Director (d) Ms Anita Chew Cheng Im – Independent Non-Executive Director (e) Mr Lee Boon Siong – Independent Non-Executive Director The Board has achieved 40% women directors on Board with two (2) women directors sitting on 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

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>Through the Nomination Committee (“NC”), the Board ensures that only individuals with the proper knowledge, experience, calibre, professionalism and integrity to fulfil the duties of a Director are recruited to the Board.</p> <p>In the identification and selection of Director, the NC is always guided by the set of criteria which is also used in the assessment on the effectiveness of the Board and the individual Director. In addition, the NC is also mindful and always consider the requirements of the changing needs of the business and relevant laws and regulations on the matter.</p> <p>In this exercise, the NC always rates the potential candidates for the Board and the existing Directors on each criterion. All criteria are regarded as necessary. However, the final decision is reached from the following process: -</p> <ul style="list-style-type: none"> • Perform the assessment on individual director • Tabulate the rating on each criterion for each Director • Identify the gaps from the existing Directors’ ratings • Perform the assessment on the potential candidate for the Board • Tabulate the rating on each criterion for each potential candidate • Identify the potential candidates who fill the identified gaps in order to reach the optimum mix in all aspects for the Board. <p>When there is a need to recruit new Directors to the Board, the NC has a protocol of reviewing the profile of the potential candidates from various sources including but not limited to the following: -</p> <ul style="list-style-type: none"> • Existing Directors of the Board • Members of the Board Committees • Established commercial and investment banks
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee (“NC”) is empowered by the Board and its terms of reference to bring to the Board recommendations as to the appointment of new Directors. The NC comprises exclusively of Non-Executive Directors, a majority of whom are independent.</p> <p>The membership of the NC during the financial year under review are as follows: -</p> <ul style="list-style-type: none">• Chairman - Dato’ Wong Gian Kui, Independent Non-Executive Director• Member - Ms Wendy Kang Hui Lin, Non-Independent Non-Executive Director• Member - Ms. Anita Chew Cheng Im, Independent Non-Executive Director <p>There was one (1) NC Meetings held during the financial year ended 31 December 2019. All members to the committee attended the 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

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee (“NC”) is empowered by the Board and its terms of reference to bring to the board recommendations as to the appointment of new Directors and conduct assessments on the Board, its committees and individual Directors.</p> <p>The Committee is charged with the responsibility to oversee the selection and assessment of Directors. The Committee reviews the effectiveness of the Board, its committees and the contributions of each individual director, including Independent Non-Executive Directors, on an annual basis. The Committee also keeps under review the Board structure, size, composition, and mix of skills, business acumen and competencies required for the Board to effectively discharge its duties.</p> <p>All Directors have participated in the performance assessment of the Board, its committees and individual director.</p> <p>Annually, an assessment on the effectiveness of the Board is conducted which covers the following:-</p> <ul style="list-style-type: none">• Board composition and size• Segregation of duties, roles and responsibilities• Board balance. The composition of the Board, including the mix of independent and non-independent Directors.• Board structure and procedures• Right mix of members with the appropriate skills, and experience to cope with complexities, competition and changes• Oversight of management <p>Assessment on the effectiveness of the Board reveals that:-</p> <ul style="list-style-type: none">• There is a clear segregation of duties, roles and responsibilities of Chairman and Executive Directors (key senior management)• Composition of the Board is balanced. The composition of the Board, including the mix of Independent and Non-Independent Directors, is appropriate• Comply with the Directors’ Training requirements• The Board has access to all relevant information (senior management, company documents, information and reports, quality

	<p>information, independent professional advice, advice and services of the company secretary) in a timely manner</p> <ul style="list-style-type: none"> • The number of scheduled meetings during the year is sufficient for the Board to be effective • The Board strikes the right balance in discussion operational and strategic issues. • The Board is provided with required information and sufficient time prior to the Board meetings • Audit Committee, Nomination Committee and Remuneration Committee are effective in performing their responsibilities. • The Board has the right mix of members with the appropriate skills and experience to cope with complexities, competition and changes. • The Board is effective in reviewing, approving and monitoring operations, financial and other corporate plans, strategies and objectives. • The Board is effective in establishing ethical values that support a culture of integrity, fairness, trust and high performance. • The Board is effective in establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability and compliance with applicable laws and regulations. • The Board is effective in developing a corporate governance structure that allows and encourages the Board to fulfil its responsibilities. • The Board is effective in identifying the principal risks and ensuring the implementation of appropriate systems to manage these risks. <p>Another assessment on individual Director is also conducted and the assessment covers:-</p> <ul style="list-style-type: none"> • General knowledge and skills • Understanding the company • Contributions as a Director • Independence and Objectivity <p>Assessment results shows that:-</p> <ul style="list-style-type: none"> • Respective directors complement each other's strengths and weaknesses. There is a right mix of general knowledge and skills (industry knowledge and experience, management expertise, reputation, knowledge of regulatory framework, knowledge of financial reporting matters, knowledge of internal controls, technical expertise and knowledge and business contacts). • High level of understanding of the Group. This includes knowledge about the competitive factors affecting the Group, ability to identifying threats and opportunities critical to the future of the Group, up-to-date on trends and issues affecting the Group's performance, principal operational and financial objectives and plans of the Group, financial results of the Group and its business segments, risks and problems that affect the Group's business and prospects, major long-term trends and strategic alternatives available to the Group. • Contribution from each Director are valuable and generally meeting requirements.
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	<ul style="list-style-type: none"> • High level of independence and objectivity. <p>Based on the assessments performed for financial year ended 31 December 2019, the Board was satisfied with the composition, performance and effectiveness of the Board, its committees and 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	:	
Explanation for departure	:	<p>The Board recognises the need to structure the remuneration packages for Directors so as to be able to attract, retain and motivate Directors of the right calibre required to manage the Company and Group and to align the interests of the Directors with those of the shareholders.</p> <p>The Remuneration Committee ("RC") has an established remuneration framework and process on the recommendation and approval of the remuneration package for all Executive Directors. The Board as a whole determines the remuneration for Non-Executive Directors with individual Directors abstaining from decisions pertaining to their own remuneration.</p> <p>The process starts from the Nomination Committee ("NC"). The NC recommends the existing Directors and/or new candidate to be recruited to the Board.</p> <p>In 2019, the Board and the RC concluded that the existing remuneration framework and process remain effective and relevant. The framework simplified the overall exercise by utilising the ratings from the annual assessment on the effectiveness of the Board and individual Director.</p> <p>Various critical areas are considered before a final proposal on the remuneration package:</p> <ul style="list-style-type: none">• Industry knowledge and experience.• Management expertise.• Reputation.• Knowledge of regulatory framework.• Knowledge of financial reporting matters.• Knowledge of internal controls.• Technical expertise and knowledge.

	<ul style="list-style-type: none"> • Business contacts. • Time available and spent on the Group’s and Company’s matters. • Knowledge about the competitive factors affecting the Group. • Ability to identifying threats and opportunities critical to the future of the Group. • Up-to-date on trends and issues affecting the Group’s performance. • Principal operational and financial objectives and plans of the Group and Company. • Financial results of the company and its business segments, risks and problems that affect the Group’s business and prospects. • Major long-term trends and strategic alternatives available to the Group. • The financial performance of the Group. <p>The remuneration framework and processes are disclosed in the Company’s Annual Report which is published on the Group’s corporate website.</p> <p>All Directors to the Board and all members in the RC have great knowledge on the remuneration framework and processes. The framework and processes are reviewed and applied yearly in reaching a proposal of remuneration package for all Directors to the Board.</p> <p>On the disclosure aspect, this Corporate Governance Report will be made available on the Group’s corporate website. The explanation to Practice 6.1 and Practice 6.2 should enable all interested stakeholders and public to know the general process/framework which the Board and the RC apply in determining the proposed remuneration package for all Directors.</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

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	:	
Explanation for departure	:	<p>The Remuneration Committee ("RC") is responsible for recommending to the Board the remuneration framework and remuneration packages of the Executive Directors in all its forms. The RC consists of a majority of Non-Executive Directors.</p> <p>The Board as a whole determines the remuneration for Non-Executive Directors with individual Directors abstaining from decisions pertaining to their own remuneration.</p> <p>The remuneration package for the Management is studied and reviewed by the Executive Director and Human Resource Department at the company level. The final remuneration package is decided and approved by the Executive Director.</p> <p>The Board is satisfied with the current structure and manner in arriving at the proposed remuneration package for all Directors and the Management.</p> <p>The Board Charter states that all Board Committees, including the RC, are delegated with certain responsibilities and all Board Committees have respective terms of reference.</p> <p>The proposed directors' fees for financial year ended 31 December 2019 for all directors will be tabled at the Annual General Meeting for shareholders' approval. The benefits payable for the directors for the financial year ending 2020 in accordance with Section 230 of the Companies Act 2016 will be tabled at the Annual General Meeting for shareholders' approval.</p>

	The RC's Terms of Reference is accessible for reference on the Group's corporate website at www.alpha-tiles.com.my	
<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	:	In line with the best corporate governance practice, the disclosure of the Directors' remuneration on a named basis has been made in the Corporate Governance Overview Statement in the 2019 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

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 ceramic tile industry in Malaysia is highly competitive. The competitiveness level has increased further in recent years with the slowing down in the property market which has resulted in the supply capacity exceeds the market demand.</p> <p>The pressure on the selling price and production cost is high. The scarce skilled manpower in this industry, the production cost and cost structure are unique and critical to each player's competitive edge in this ceramic industry. Hence, the organisation structure, the operation management team, key personnel remuneration and manpower cost are considered as sensitive and confidential business operation related information.</p> <p>While the Board is committed to the required Corporate Governance practices by disclosing the Board's remuneration in detail, further disclosure on information relating to the manpower cost are considered sensitive and not appropriate for this industry.</p> <p>Due to the sensitivity of the information on manpower cost, especially on the remuneration on top five senior management, the Board and the Group have opted to depart from this Corporate Governance practice.</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 ("AC") comprises of three (3) members who are Non-Executive Directors of the Company. Two (2) members are Independent Directors while the other is a Non-Independent Director.</p> <p>The AC Chairman is Ms. Anita Chew Cheng Im, an Independent Non-Executive Director. She is appointed to be the Chairman of the AC on 27 January 2016.</p> <p>The Chairman of the Board is Dato' Wong Gian Kui, an Independent Non-Executive Director.</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	:	None of the members of the Board were former key audit partners over the last two (2) years.	
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 External Auditor of the Group and Company is KPMG PLT (“KPMG”).</p> <p>The Audit Committee (“AC”) assesses KPMG on the following:</p> <ul style="list-style-type: none"> • Calibre of external auditor • Quality processes/performance • Audit team • Independence and objectivity • Preparedness of KPMG for each Audit Committee’s meeting. • Audit scope and planning • Audit fees • Audit communications <p>The AC advises the Board and the Management on its comments and recommendations.</p> <p>The Executive Director and the Financial Controller provide additional views and comments to the Board.</p> <p>The Board approves the proposal to re-appoint KPMG as the external auditor for financial year 2020 and will be tabled in the Annual General Meeting.</p> <p>The above protocol and process have been applied yearly. The AC is satisfied with the existing processes and no change is made to it.</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

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The membership of the Audit Committee ("AC") during the year is as follows:</p> <ul style="list-style-type: none">• Chairman: Ms Anita Chew Cheng Im, an Independent Non-Executive Director.• Member: Ms Wendy Kang Hui Lin, a Non-Independent Non- Executive Director.• Member: Dato' Wong Gian Kui, an Independent Non-Executive Director. <p>The roles, responsibilities and duties of the committee are available in the Audit Committee Report in the 2019 Annual Report. In summary, they cover four (4) major fields:</p> <ol style="list-style-type: none">1. External audit.2. Internal audit.3. Risk management and internal controls.4. Financial Reporting. <p>Annually, an assessment on the effectiveness of the Board, including the effectiveness of the Board's Committees is conducted. In 2019, the assessment revealed that the Board Committees, including the AC, are effective in discharging their responsibilities and duties.</p> <p>All members of the AC are financially literate. Dato' Wong has been member to a few accounting bodies including Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. Both Ms Wendy Kang and Ms Anita Chew hold accounting qualification with vast experience in accounting and finance fields.</p> <p>As members of AC, they continue to upgrade and update themselves on the development in the accounting profession through the continuing education programs. KPMG and the Financial Controller consistently update the AC with any significant changes or new accounting standard which is applicable to the Group and 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 :		

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to maintaining a sound system of internal control and risk management in the Group. The Board is responsible for the Group's system of internal control and risk management, including the establishment of an appropriate control environment and framework as well as reviewing its adequacy and effectiveness. Because of the inherent limitations in any system of internal controls, such a system is designed to manage rather than eliminate the risk of failure to achieve business and corporate objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal controls covers, inter alia, risk management and financial, organisational, operational and compliance controls.</p> <p>The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The review on the adequacy and effectiveness of the risk management and internal control system has been undertaken by the Board.</p> <p>The Board has put in place a Risk Management Framework for the Group which is overseen by the Audit Committee with the support from the Risk Management Committee.</p> <p>The Statement of Risk Management and Internal Control set out in the 2019 Annual Report provides an overview of the state of risk management and internal control within the Group.</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	:		
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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 has empowered the Audit Committee (“AC”) to oversees the risk management matters. The AC in turn established the Risk Management Committee (“RMC”) to support the AC in the management and maintenance of the risk management framework and the sustainability framework. Safety Committee (“SC”) is set up to support the Management in the safety and sustainability aspects.</p> <p>The Risk Management Framework for the Group includes an on-going process of identifying, prioritisation and formulation of action plans to mitigate significant risks. These identified risk aspects are incorporated into the risk register and individually rated as Significant, High, Moderate or Low risk. The rating process is guided by a matrix of “Control Effectiveness”, “Residual Likelihood” and “Residual Consequence”, of which both financial and non-financial impacts are duly considered. Owners of these risk aspects will implement of risk mitigation and prevention measures towards achieving a residual risk that is within the acceptable tolerance.</p> <p>The responsibilities for risk management has been cascaded to all head of departments, who in turn periodically reports to RMC. The RMC is tasked to ensure the implementation of appropriate systems to manage the overall risk exposures of the Group, including ensuring that the Group’s risk policy and procedures are adhered to, maintaining the risk register, and developing relevant strategies and plans to mitigate the negative impact or reduce the likelihood of occurrence of significant risks. To further enhance the risk management process, on-going training for selected management and staff is carried out to instil a culture of risk awareness within the Group.</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 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit (“IA”) function of the Group is outsourced to a professional services firm who reports directly to the Audit Committee (“AC”). The internal audit function carries out its function independently with risk-based approach and provides the AC and the Board with the assurance on the areas reviewed during the financial year, the adequacy and effectiveness of the system of internal controls.</p> <p>The IA function provides the AC with independent and objective reports on the state of risk management control systems and governance of the Group and the extent of compliance with the Group’s policies and procedures as well as relevant statutory requirements and regulations. To ensure that the responsibilities of the IA are fully discharged, the AC:</p> <ul style="list-style-type: none">• Review the adequacy of the scope and plan, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.• Review the internal audit program and the results of the internal audit process and where necessary action is taken on the recommendations of the internal audit function.• Review any appraisal or assessment of the performance of the internal auditors and their fees.• Approve any appointment or termination of internal auditors.• Inform itself of resignations of internal auditors and provide the resigning internal auditors an opportunity to submit their reasons for resigning. <p>In 2019, the IA firm has conducted four (4) IA assignments. The IA focus areas in these assignments were approved by the AC. The results of the IA were reported to the AC. The relevant Management members were engaged to be responsible for taking corrective and preventive actions on the reported weaknesses within the agreed timeframe. The IA firm also conducted follow-up with the relevant Management members to ensure that the corrective and preventive actions were taken.</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 have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function of the Group is outsourced to a professional services firm who reports directly to the Audit Committee (“AC”). The principal role of the internal auditors is to undertake independent, regular and systematic reviews of the risk management, internal controls and corporate governance system so as to provide reasonable assurance that such systems are operating and continue to operate satisfactorily and effectively.</p> <p>The internal audit function carries out its function independently with risk-based approach and provides the AC and the Board with the assurance on the areas reviewed during the financial year, the adequacy and effectiveness of the system of internal controls.</p> <p>The internal audit firm is free from any relationships or conflict of interest with the Group, the Board and the Board Committees</p> <p>Further disclosures in respect of the Group’s internal audit function are as follows:</p> <p>(a) All internal audit personnel assigned by the professional services firm (“the Firm”) to perform internal audit assignments for the Group are required to make a written declaration that they do not have any relationships or conflict of interest with the Group, which could impair their independence and objectivity. Based on these written declarations, nothing has come to attention to indicate that the internal audit personnel assigned by the Firm had any relationships or conflicts of interest with the Group, which could impair their independence and objectivity for those internal audit assignments performed during the financial year ended 31 December 2019.</p> <p>(b) The Firm has assigned three (3) staff to provide internal audit services to the Group during the financial year 31 December 2019.</p>

	<p>(c) The person responsible for the outsourced internal audit (“IA”) function is Mr. Chang Ming Chew, a director with the Firm and is a Certified Internal Auditor holding a Certification in Risk Management Assurance from the Institute of Internal Auditors; professional member of the Institute of Internal Auditors Malaysia; member of the Association of Chartered Certified Accountants (UK); and member with the Malaysian Institute of Accountants.</p> <p>(d) The IA function is performed by referring to a recognized framework, such as the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors.</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

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 recognises the importance of maintaining active communication with its shareholders and other stakeholders, and timely dissemination of information concerning the Group's business performance.</p> <p>The key mean for communications with shareholders is the Annual General Meeting ("AGM") where sufficient time will be allocated to obtain feedback from the shareholders or for shareholders to raise questions or concerns. Members of the Board, the Management and the auditors of the Company are present at the AGM to respond to any queries from the shareholders. Upon request, the Directors will meet up with the investors and investment analysts for further discussion and clarification.</p> <p>Besides that, to ensure effective dissemination of information to the shareholders and stakeholders, the Group makes necessary announcements on the Group's affairs and development in accordance with the Listing Requirements of the Bursa Malaysia through the website of the Bursa Malaysia.</p> <p>Announcements, quarterly and annual financial reports can be accessed via Bursa Malaysia's website at www.bursamalaysia.com and company's official website at www.alpha-tiles.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is 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 because the Company is not under the category of Large Company as defined in MCCG 2017.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The notice for the 19th Annual General Meeting (“AGM”) on 28 May 2019 had been circulated twenty-eight (28) days prior to the date of AGM.</p> <p>The notice for the upcoming 20th AGM will be circulated at least twenty-eight (28) days in advance to enable shareholders to make adequate preparation.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	Based on past Annual General Meetings, all directors (except absentees due to emergency purposes), external auditors and key management personnel had attended the annual general meeting. The Chairman of the Audit, Nominating and Remuneration Committee is responsive to the questions raised to him.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The company neither have large number of shareholders nor organise annual general meeting in remote locations.</p> <p>The general meeting is always held in the town or city of Johor.</p> <p>The Company allows proxy voting and drop-in email for questions of shareholders who are unable to participate in the general meeting.</p> <p>Any summary of key matters discussed at general meetings would be published at the Group's corporate website at www.alpha-tiles.com.my.</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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