

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:	<ul style="list-style-type: none">• The Board of Directors of APFT Berhad (“Board”) are principally responsible for setting the Group’s overall strategic direction, objectives and goals, which includes key values, principles and ethos. The Group aspires to the highest standards of ethical conduct: doing what it says; reporting results in a timely manner, with accuracy and transparency; and maintaining full compliance with laws, rules and regulations that govern our business.• Our Board acknowledges that it is accountable to our shareholders for our Group’s performance and as well as its fundamental approach in this regard is to ensure that the right executive leadership, strategy and internal controls for risk management are in place.• Our Board has established the Governance Structure not only to ensure that legal and regulatory requirements are met, but to having good corporate governance (“CG”) as set out in the CG Overview on of our Annual Report 2018. The said structure is reviewed by our Audit Committee (“AC”) and Board in the sixth quarter of the financial period (“FP”) ended 31 January 2018 (“FP18”) to ensure its relevance and facilitates effective Board leadership and oversight• Our Board exercised oversight through regular reviews of performance with Senior Management and monitored the execution of plans against the approved budget. The agenda of our Board meetings, which were held on a quarterly basis, typically encompassed a review of the operational and financial results, updates on the market outlook and strategies, review of transactions as well as

	reports from the respective Board Committees where relevant. Our Executives and Senior Management attended the Board meetings to debrief the Board and seek guidance and/or approval where required.
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

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:	<ul style="list-style-type: none">• The Chairman of our Board is Y.T.M. Dato' Muhammed Bin Haji Abdullah, D.T.N.S., A.N.S., P.M.C., P.J.K., P.K.T. who is an independent non-executive director ("INED"), which enables more effective oversight over Senior management in accordance with good CG practices.• As the leader of our Board, our Chairman plays pivotal role in ensuring the effectiveness of our Board and is responsible for instilling good CG practices.• Our Board Chairman presides over Board and shareholders' meetings. He leads the discussions at our Board meetings and ensures that relevant matters are included in the meeting agenda, sufficient time is allocated for discussions and the meetings run smoothly.
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

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>Our Board Chairman and Executive Director are different individuals.</p> <ul style="list-style-type: none">• The role and responsibilities of our Board Chairman and Executive Director are formally documented in our Board Charter. The separation of roles ensures there is a balance of power and authority in accordance with good CG practices.• Our Board Chairman is primarily responsible for ensuring our Board's effectiveness and conduct whilst our Executive Chairman has overall responsibility over the business units and day-to-day management of our Group
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

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>Our Board is supported by the Company Secretary who has legal qualifications and working experience in the corporate secretarial field. Tan Tong Lai is a licensed secretary approved by the Companies Commission of Malaysia.</p> <ul style="list-style-type: none">• His roles and responsibilities include:-<ol style="list-style-type: none">a) Advising the Board and Senior Management on compliance with the Main Market Listing Requirements ("LR"), Companies Act 2016 ("Act") and other relevant law and regulations as well as on CG best practices;b) Efficient administration of our Group entities, particularly with regards to compliance with Articles of Association as well as statutory and regulatory requirements.c) Organising Board, Board Committees and shareholders' meetings, and preparing the minutes of meetings and resolutions;d) Monitoring compliance with Board process and procedures;e) Acting as the conduit between our Board members and Senior Management to ensure proper communication; andf) Conducting induction programmes for new Board members and ensuring that a continuing education programme is in place for all Board members.
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

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:	<ul style="list-style-type: none">• Our Board Chairman, Board Committee and our Executive Director jointly determine the agenda for Board and Board Committee meetings.• Notice of Board and Board Committee meetings are issued at least five business days prior to the meeting. Senior Management is given advance notice of the agenda items and requested to submit their proposals within five business days prior to the meeting.• Meeting materials are reviewed and endorsed by our Executive Chairman and Senior Management prior to circulation to ensure that they contain comprehensive and accurate information which is required for informed decision-making by our Board.• The said materials are circulated by the Company Secretary via electronic means (or upon request, hard copy) which has enabled immediate access and provided reasonable time for preparation by our Directors. It has also enhanced control over the circulation of confidential information and provides ease of access to archived materials.• The minutes of the Board or Board Committee meetings record the key deliberations and decisions of our Board and Board Committees, including dissenting vote and abstention, if any. Upon conclusion of a meeting, a summary of the decisions and action items are communicated as soon as practical and the draft minutes are subsequently circulated for comments. The minutes are then confirmed by the relevant chairman at the next meeting. In addition, the status updates to the matters

	<p>arising from previous meetings will be tabled at the next Board or Board Committee meeting for further discussions until completion.</p> <ul style="list-style-type: none"> • Past minutes of Board Committee meetings are tabled at the quarterly Board meetings for notation purposes.
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 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:	<ul style="list-style-type: none">• Our Board Charter primarily outlines the manner in which our Board's powers and responsibilities will be exercised and discharged, having regard to our Company's Articles of Association/Constitution, the Act, the LR issued by Bursa Malaysia Securities Berhad ("Bursa Securities") and other applicable laws and CG best practices.• The six principal responsibilities of our Board are formally documented in our Board Charter. The Board Charter clearly explains the relationship and interaction between our Board, Board Committees, individual Directors, Executive Director and Senior Management.• It also sets out the list of Board reserved matters, for which the approval of our Board will be required. The Board reserved matters include approval of strategic plans and budget, unaudited quarterly financial results and audited financial statements, investments, related party transactions, amongst others.• Our Board has delegated specific powers to three Board Committees, namely the Audit Committee ("AC"), NC and RC. Our Board Charter and the Terms of Reference ("TOR") of the said Board Committees are periodically reviewed. The Reports of the AC, NC and RC for FY18 of our Annual Report 2018.• Powers of day to day management have been delegated to our Executive Director within the approved Limits of Authority ("LOA"). The LOA outlines the decision-making authority of our Executive Director and the delegation of authority by our Executive Director to the Senior Management on inter alia, operational and capital expenditure, execution of contracts, procurement, litigation

	and human resources matters up to a certain monetary threshold. Any commitments outside the LOA will require our Board's prior approval including changes to the LOA. The LOA is reviewed on a regular basis.
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

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>A Code of Ethics ("COE") is in place and published on our Company's website.</p> <ul style="list-style-type: none">• The COE outlines the principles and best practices to be applied by our Group when conducting our business including managing conflicts of interests, preventing the abuse of power, corruption and insider trading.• The COE regulates, amongst others, the use of company information, assets and intellectual property rights by our employees. It has, inter alia, set out the guiding principles relating to the giving and receiving of business courtesies and situations of conflicts of interest.
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

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:	<ul style="list-style-type: none">• As part of our Group’s commitment to effective risk management and high standards of governance and accountability, our Board has established the Whistleblowing Policy (“WP”) to enable whistleblowers to raise concerns in confidence, and to ensure proportionate and independent investigation is duly conducted and follow-up action is taken and brought to the attention of our AC.• The whistleblowing line is managed by the Executive Director, who reports directly to our AC. A whistleblower may via the Whistleblowing Line, disclose or report suspicious transactions, activities or processes to the Executive Director.• The WP is periodically reviewed by our AC. In the event a disclosure relates to the AC Chairman, CA, the matter will be escalated to our Board Chairman.• Our AC reviews the report by CA on the cases reported through the Whistleblowing Line and other available channels as well as the status of investigation (if applicable) into these cases.
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 of independent directors.

Application:	Applied
Explanation on application of the practice:	<p>Our Board comprises 5 Directors, of whom 3 or 60% are INEDs.</p> <p>There were changes to the representation of INEDs on our Board during FY18 as set out below:</p> <ul style="list-style-type: none">• For the period from 1 August to 31 December 2016 – 4 out of 6 Directors were INEDs i.e. 66% of our Board comprised INEDs;• For the period from 1 January to 31 December 2017 – 3 out of 5 Directors were INEDs i.e. 60% of our Board comprised INEDs;• For the period from 1 January 2018 until the date of this Report – 3 out of 5 Directors are INEDs i.e. 60% of our Board comprised independent directors with the appointment of Y.T.M. Dato' Muhammed Bin Haji Abdullah, D.T.N.S., A.N.S., P.M.C., P.J.K., P.K.T. of as INED. <p>Our Non-Independent Non-Executive Directors (“NINEDs”) have discharged their role and responsibilities to act in the best interest of our Group based on the peer assessment results in the annual Board effectiveness evaluation. The said Directors were assessed for their contributions to the Group and integrity, amongst others</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 4.2

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:	As above
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 4.3 - Step Up

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

Application:	Applied
Explanation on application of the practice:	As per 4.2 above.
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 4.4

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:	Board Appointments <ul style="list-style-type: none">• Our Board has determined that the general criteria for the appointment of a Director should be based on each individual candidate’s competencies, commitment (including time commitment), contribution and performance, which include the candidate’s:<ol style="list-style-type: none">a) proven leadership and experience in areas that are relevant to our Group’s strategies;b) characters of the individual to ensure that there will be a right fit;c) ability to dedicate sufficient time to discharge his responsibilities; andd) Unblemished reputation for integrity and ability to exercise good business judgement.e) Independence and diversity including gender are key factors for consideration in board appointments. The balance of gender, tenure and skills and experience of our Board is shown in the CG Overview in our Annual Report 2018.• It is the responsibility of our NC to assess and recommend to our Board on the suitability of candidates who are nominated for appointment to our Board/Board Committees. Our NC will consider amongst others, the Boards’ Skills Matrix which maps the age, gender, skills, experience and broad leadership of the existing Directors and the desired attributes and competencies to meet the evolving needs of our Group as well as any gaps identified from the annual Board effectiveness evaluation.

	<ul style="list-style-type: none"> • During FY18, our Board composition was refreshed with the appointment of Edwin Silvester Das as NIED. <p>Senior Management Appointments</p> <ul style="list-style-type: none"> • Senior Management appointments are closely scrutinised and decisions are made based on objective criteria, merit and with due regard for diversity in skills, education, experience and gender.
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:	Departure
Explanation on application of the practice:	
Explanation for departure:	On 8 November 2017, Datin Anizah Binti Musa was appointed as the first female BOD of APFT. From 8 November 2017 to 3 April 2018 the Board had 20% female representation. Our Board recognises the importance of diversity in terms of a broad range of skills and competencies, experience, background and gender to ensure balanced and effective decision-making. Independence and gender diversity are part of our Board selection criteria for the appointment of new Board members. Other selection criteria are disclosed under Practice 4.4 (Board Appointments). Appointments to our Board will be made based on merit and contribution to the overall working of our Board.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure:	Our Board is committed to meeting CG best practices and will endeavor to apply the best practices where they are relevant to our circumstances and in the best interests of our Group.
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:	Our Board in identifying candidates for appointment of Directors relies on recommendations from various sources including our existing Directors, major shareholders and a wide network of industry contacts including independent sources, where required
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 4.7

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

Application:	Applied
Explanation on application of the practice:	Our NC is chaired by Dato Seri Mohd Bin Hamdan who is an INED.
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

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:	Departure
Explanation on application of the practice:	
Explanation for departure:	The group is undergoing the restructuring and all the Board of Directors are new board members. Therefore the evaluation would only be done upon the completion of the restructuring of APFT.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure:	
Timeframe	Others

Intended Outcome

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

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

Practice 6.1

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

Application:	Applied
Explanation on application of the practice:	<p>Directors' Remuneration Policies and Procedures</p> <ul style="list-style-type: none">• Our philosophy is that non-executive directors ("NEDs") remuneration should be adequate to attract, retain and motivate individuals of the necessary caliber, expertise and experience to join our Board.• Our NEDs' remuneration adheres to a schedule of fixed fees in accordance with their responsibilities on our Board and Board Committees. In determining NEDs' remuneration, the RC and Board consider various factors including experience, time commitment, level of responsibilities and complexity of roles and responsibilities shouldered, special assignments and risks assumed as a Director. Please refer to our Annual Report 2018.• In addition to fees for membership of our Board and their responsibilities on our Board Committees, our Directors are entitled to be reimbursed for expenses which are reasonably incurred by them in the course of discharging their duties.• Our NEDs are not entitled to participate in our Management Share Scheme in accordance with CG best practices. Our Executive Director is not entitled to any Director's fees.• Our Company had obtained its shareholders' approval for payment of Directors' remuneration on a monthly basis at the

previous annual general meeting held in December 2016. In respect of actual Directors' remuneration for FY18, the detailed remuneration paid to our Directors have been disclosed on a named basis in the CG Overview of our Annual Report 2018. Total Directors' fees and benefits incurred in FY18, is within the amount approved by our shareholders at the AGM in 2016. Please refer to our Company's Audited Financial Statements of FY18 for details.

To ensure that our Directors receive fair compensation, our Board through our RC reviews the level of Directors' remuneration on a periodic basis. Senior Management' Remuneration Policies and Procedures

- In selecting a candidate intended to be appointed as Senior Management, various factors are carefully considered such as skill sets, education level, and breadth of experience, level of accountability and complexity of job responsibility that may contribute towards the discharge of their respective duties.
- Senior Management remuneration typically comprises a fixed monthly basic salary and discretionary annual cash performance bonus.
- Senior Management performance is evaluated by our Executive Director, who determines their merit increment ("MI") and performance bonus ("PB") based on the proposal that is reviewed by our RC and approved by our Board. MI and PB are dependent on our Group's performance based on the key performance indicators set out in the Company Scorecard and is further subject to the individual's performance for that year. In determining the total MI and PB, in addition to our Group's performance, various factors such as inflationary rate and industry practice are also taken into consideration.
- Our RC also reviews the evaluation of Senior Management to ensure an appropriate and consistent performance evaluation by the Executive Director, and report the same to our Board.

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

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>Our RC comprises all NEDs, a majority of whom is independent. The TOR of our RC is reviewed periodically and published on our Company's website.</p> <ul style="list-style-type: none">• The primary purpose and functions of our RC are to assist our Board in reviewing matters relating to the remuneration of our NEDs and Executive Director, as well as oversight over Senior Management performance evaluation.
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

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:	Not Applied
Explanation on application of the practice:	
Explanation for departure:	No individual breakdown of the remuneration paid to our Directors for FY18 has been disclosed in our Annual Report 2018 as our operations are small.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
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:	<ul style="list-style-type: none">• Our Board is satisfied that our Senior Management remuneration commensurate with individual and company performance; and that the total compensation for the top five key Senior Leadership as a percentage of total revenue is appropriate.• Disclosing Senior Leadership remuneration would be disadvantageous to our Group, given the competitiveness in the market for talent and due to the confidentiality of remuneration packages.• Remuneration packages for Senior Leadership factor in each individual candidates' experience and skills, scope of responsibility and accountability and global exposure. Our Group's remuneration framework goes through a robust benchmarking exercise to ensure balance between parity and competitiveness and in some cases, the uniqueness of subject matter experts.• Our Group's performance management system holds the relevant Senior Leadership accountable for their respective roles and performance. Our RC reviews the annual performance evaluation of Senior Management by our Executive Director to ensure an appropriate and consistent performance evaluation.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	

Measure:	Our Board will continue to evaluate the implications and will make the necessary disclosures if satisfied that it is in the best interest of our Group to do so.
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 application of the practice:	
Explanation for departure:	Our Board will continue to evaluate the implications and will make the necessary disclosures if satisfied that it is in the best interest of our Group to do so.
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 8.1

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

Application:	Applied
Explanation on application of the practice:	The Chairman of our AC, Chow Hung Keyy is not the Chairman of our Board. Our AC Chairman's profile is in our Annual Report 2018.
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 8.2

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:	Our Board has not appointed any former audit partner as a member of our Board
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 8.3

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>Our AC conducts an annual assessment of the effectiveness of Adam & Co who is our External Auditor, with the assistance of the Company Secretary. The annual assessment covers the following scope:</p> <ul style="list-style-type: none">(a) independence, objectivity and professional skepticism(b) firm’s financial stability, risk profiles and audit strategy(c) communication and interaction(d) audit finalisation(e) quality of skills, capabilities of audit team and sufficiency of resources <ul style="list-style-type: none">• The evaluation for FY18 was carried out through a questionnaire which was completed by our Accounts and Senior Management In relation to the independence of External Auditor, a written assurance of independence will be obtained annually. In respect of FY18, Adam & Co has affirmed its independence as set out in the External Auditor’s Report in our Annual Report 2018.• Based on the findings of the External Auditor’s assessment for FY18 and the Adam & Co.’s recommendation, our Board has recommended that our shareholders approve the re-appointment of as Adam & Co as Auditors of our Company at the forthcoming AGM in July 2018.
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:	Adopted
Explanation on application of the practice:	Our AC comprises solely of INEDs since incorporation of the committee.
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 8.5

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:	<ul style="list-style-type: none"> • The members of our AC possess the necessary qualifications/experience in financial and auditing matters. Their profiles are disclosed in in ages our Annual Report 2018. • The effectiveness of our AC is evaluated as part of the annual evaluation and based on the findings from the evaluation FY18, our Board is satisfied that the AC has carried out its responsibilities in accordance with its TOR in FY18. A summary of our AC’s activities in FY18 is in the Report of AC in our Annual Report 2018.
Explanation for departure:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure:	
Timeframe	

Intended Outcome

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

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

Practice 9.1

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

Application:	Applied
Explanation on application of the practice:	<ul style="list-style-type: none"> • Our Board has established an effective risk management and internal control framework. • Our Board is supported by our AC, which has oversight of the risk management and internal control systems of our Group. • Senior Management is responsible for the implementation of a sound RMF to ensure a continuous process of risk identification, evaluation and management to an acceptable level as prescribed within the risk appetite and captures the dynamics of changing business and regulatory environments, all of which are subject to regular review by our ARC and Board. • The Risk Management function led by the Head of Finance ensures the establishment and maintenance of the framework reports to our Board through our AC on the quarterly risk profile review and assessment. • Our AC is also supported by CA which provides independent validation of the risk management, control and governance process of our Group.
Explanation for departure:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure:	
Timeframe	

Intended Outcome

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

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

Practice 9.2

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 salient features of our risk management and internal control framework which are disclosed in the Statement on Risk Management and Internal Control in of our Annual Report 2018 comprises:</p> <p><u>1. Risk Management Framework ("RMF")</u> The RMF is designed to identify, evaluate and manage, rather than eliminate, the risk of failure to achieve business objectives and strategies. It provides guidance for a systematic approach known as our risk cycle which includes identification, assessment, and response, monitoring and reporting of risks that is consistently applied throughout our Group. Our risk governance structure which governs the risk management and control processes adopted a top down approach which depicts the key relevant parties from our Board and ARC, to Senior Management followed by Risk Management function and Risk champions.</p> <p><u>2. Control Activities</u> Our Board and Senior Management are committed in maintaining an effective internal control environment through continuous enhancement to the design of internal control systems to ensure controls are relevant, effective and robust to promote operational agility. The key controls include:</p> <p>(a) LOA which stipulates the key decision-making and approval authority delegated by our Board to Senior Leadership;</p> <p>(b) Key Controls Checklist to facilitate control self-assessment by heads of business units to ensure</p>

	<p>internal controls in place are effective and complied with;</p> <p>(c) COBE designed to reduce, if not eradicate, any corrupt practices and occurrences of bribery;</p> <p>(d) continuous enhancement of our security framework on our physical and cyber security management practices to ensure all security threats including content piracy is managed effectively;</p> <p>(e) operating policies and procedures to ensure processes adequately mitigate risk with appropriate internal controls;</p> <p>(f) Business Continuity Management Framework to minimise the impact of business disruption through enhancing operational resiliency for an effective response to threats and disruptions;</p> <p>(g) insurance programme to safeguard our assets against material losses arising from any uncertainties; and</p> <p>(h) Group risk profile is deliberated by Senior Leadership to ensure overall risk impacting our Group are adequately identified and managed within an acceptable level of risk.</p> <p><u>3. Information and Communication</u></p> <p>Our Board continuously emphasises communication with all employees in carrying out their internal control responsibilities. Regular reviews are conducted to ensure risk profiles, policies and procedures are updated and aligned. Additionally, our Group policies are published and updated on our internal portal for easy access by employees.</p> <p><u>4. Monitoring and Reporting</u></p> <p>Our Board and Senior Management continuously assess the effectiveness of monitoring activities and take necessary measures to strengthen our risk management and internal control environment.</p> <p>The Risk Management function reports to our Board on a quarterly basis through our AC on our Group risk profile that incorporates the preventive and mitigation strategies</p>
<p>Explanation for departure:</p>	
<p>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</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 application of the practice:	<ul style="list-style-type: none">• Having regard to the fact that audit and risk management matters are closely linked, especially during a business transformation phase as well as taking into consideration our Board size and composition, our Board has determined that a single committee would be able to oversee the implementation of the audit, internal control and risk management policies and framework effectively.• To assist our Board in overseeing our Group's risk management framework and policies, our then audit committee was re-designated as our AC in December 2017, and the AC's TOR were revised to further enhance its risk management functions.• Our AC comprises solely of INEDs.
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 10.1

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:	<ul style="list-style-type: none"> Our Group’s internal audit function has been outsourced to external service providers to provide independent assurance and serves to assist the Company in achieving its management objectives. The Internal Auditors use the COSO (Committee of Sponsoring Organisations) Model as a basis in conducting internal audit functions. Based on their internal audit reviews, observations were presented by the Internal Auditors, together with the Management’s response and proposed action plans, to the AC for review during the quarterly AC meetings. In addition, the Internal Auditors have followed up on the implementation of recommendations from previous cycles of internal audit and updated the Audit Committee on the status of Management agreed action plan. The Head of Finance reports functionally and administratively to our AC Chairman. Our AC had evaluated and approved the Strategic Review Plan that sets out the scope of internal audit reviews.
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:	All audit members are required to declare to our AC that they are free from any relationships or conflicts of interest which would impair their objectivity or independence. Such declarations for FY18 have been recorded in Dec 2018.
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 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>Our Board believes in effective, transparent and regular communication with its shareholders and other stakeholders.</p> <ul style="list-style-type: none">• Our Executive Director and Senior management engaged regularly with the investment community, media representatives and shareholders through press conferences and media interviews during FY18.• Our Board also engages with shareholders at our AGM. The AGM affords an opportunity to our shareholders to raise their questions pertaining to our Group's performance directly to our Board, Executive Director and Senior Management.• Voting procedures were explained by our Board Chairman prior to voting. As required by the LR, voting on all resolutions was conducted by poll whereby, Tricor Investors Issuing House Services Sdn. Bhd. was engaged as the poll administrators and representatives from Scrutineer Solutions Sdn Bhd were appointed as the independent scrutineers.
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 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:	Since we are a small operation, we have not implemented Integrated Reporting based on a globally recognized framework.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
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>Our Company endeavors to issue the Notice of our AGM at least 28 days prior to the meeting to accord sufficient time to our shareholders to prepare for the meeting and make informed voting decisions.</p> <ul style="list-style-type: none">• In respect of our Seventh AGM scheduled on 26 July 2018, the Notice of AGM and Annual Report 2018 will be issued on 26th June 2018 giving our shareholders notice of at least 28 days prior to the meeting.• Notice of our AGM will be posted on our Company's website as soon as it is issued to ensure wider and proper dissemination. Our Annual Report will be issued in the form of CD-ROM together with an abridged version. Shareholders have the right to request for a hard copy of our Annual Report through the designated channel. Our Annual Report 2018 and past years' annual reports can be downloaded from our Company's website.
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

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:	Our annual Board meeting calendar is prepared prior to the commencement of a new financial year so that our Directors are able to lock-in the dates of our AGM and Board meetings. Our Board Chairman presided over the AGM, and together with our Executive Director and Senior Management addressed various questions from our shareholders, proxies and the Minority Shareholders. The Chairpersons of our respective Board Committees were also present and where required, addressed questions during the meeting.
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

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:	Our Board is of the view that the current state of technology that enables voting in absentia has not been proven in terms of security and reliability. Further, the cost of such technology may outweigh the benefits. In addition, our AGM was held at a convenient location within the city centre with access to public transportation, so as to facilitate a high shareholders’ attendance. Shareholders who are unable to attend are permitted to appoint up to two proxies to attend and vote on their behalf.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure:	Our Board will monitor and evaluate the cost and reliability of the technological options to facilitate remote voting by shareholders
Timeframe	

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

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines. This section is not applicable to APFT BERHAD

Application:	Applied
Explanation on application of the practice:	This section is not applicable to APFT Berhad
Explanation for departure:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure:	
Timeframe	