

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7161
COMPANY NAME : KERJAYA PROSPEK GROUP BERHAD
FINANCIAL YEAR : December 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary and leadership functions including those reserved for the Board's approval and those which the Board may delegate to the Board Committees and the Management and committed to ethical values and standards. The Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee are entrusted with specific responsibilities to oversee the Group's affairs with authority to act on behalf of the Board and operate within their respective Terms of Reference. Although specific powers are delegated to the Board Committees, the Board Committees shall report to the Board on matters considered and make recommendation to the Board for further decision. The minutes of the Board Committees are also tabled to the Directors at quarterly Board Meetings for information.</p> <p>In discharging the Board's duties, the Board is guided by its Board Charter, Code of Conduct, Code of Ethics as well as the terms of reference of the Board Committees as they sets out the Board's roles, duties and responsibilities, the principles and practices of corporate governance to be followed and its commitment of fair practices to its stakeholders. Further information on Board Charter, Code of Conduct and Code of Ethics are discussed in item (v) of this Part of the Statement whilst details on the terms of reference of the Board Committee are published in the Company's website at www.kerjayagroup.com.</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 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board is responsible for instilling good governance practices, leadership and effectiveness of the Board through chairing of board meetings, representing the Board to shareholders, and reviewing and approving together with the Board on the strategic issues of the Group.</p> <p>The Chairman sets the board agenda in consultation with the Company Secretaries and ensures that board members receive complete and accurate information in a timely manner.</p> <p>When chairing the board meetings, the Chairman will lead and provide explanation to the Board on the board agenda and encourage participation from other board members during the board meeting deliberation.</p> <p>The Chairman will lead and engage with investors, analysts, media and shareholders and communicated to the Board on the feedbacks received, if any.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Presently, the Board Chairman is also the Chief Executive of the Group. The Board is mindful of the dual role of the Board Chairman and Chief Executive held by Datuk Tee Eng Ho but, is satisfied that, having regard to the experience and leadership of Datuk Tee, it is in the interest of the Company to maintain the above arrangement so that the Board could have the benefit of a Chairman who is knowledgeable about the business of the Group and is capable to guide discussion. The combination of the roles of Chairman and Chief Executive enable the Executive Chairman to exercise his power for proper purpose and in good faith in the best interest of the Company, to align the interest of the board, management and shareholders for maximising shareholders' wealth. Given that there is a majority Independent Directors on the Board, who are capable to express objective and independent views, the effectiveness of the Board and Board independence in terms of Malaysian Code on Corporate Governance ("MCCG") continues to be considerably enhanced and not in the least compromised.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	As explained above, the Board has majority Independent Directors on the Board, who are capable to express objective and independent views, the effectiveness of the Board and Board independence in terms of MCCG continues to be considerably enhanced and not in the least compromised.
Timeframe	:	No deadline has been set for the above adoption. Also, the Company is not a "large company" at the beginning of its financial year 2019.

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>In order to uphold the board effectiveness, the Board ensures that it is supported by qualified and competent Company Secretaries. Presently, the Board is assisted by two (2) qualified and competent Company Secretaries who are members of Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretaries support the Board in carrying out its fiduciary duties and stewardship role and play an advisory role to the Board, particularly with regards to compliance with regulatory requirements, guidelines, legislations, corporate disclosure and governance related practices. All Directors have unrestricted access to the advice and services of the Company Secretaries. The appointment and removal of Company Secretaries or Secretaries of the Board Committees shall be the prerogative of the Board as a whole.</p> <p>The key responsibilities carried out by the Company Secretaries during the financial year ended 31 December 2018 are as follows:</p> <ul style="list-style-type: none">○ Co-ordinated with the Board on the meeting agenda and schedule;○ Managed all board and committee meetings;○ Attended and prepared minutes of all Board and Board Committee meetings (including Board/Board Committee Circular Resolutions);○ Briefed and updated the Board on new Companies Act 2016, latest changes on Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") and Malaysian Code on Corporate Governance and their applications;○ Assisted the Company in reviewing the Corporate Governance Overview Statement and other relevant statements/report contained in the Annual Report 2017;○ Assisted the Board is preparing the Circular to Shareholders on Proposed Renewal of Share Buy-Back Authority and Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions;○ Assisted the Board in drafting and submitting all announcements required to be made by the Company pursuant to the Listing Requirements;○ Assisted the Board in lodging all sorts of statutory forms/notifications to Companies Commission of Malaysia as required under the Companies Act 2016;○ Assisted the Board in drafting the new Constitution;○ Advised the Board on the requirements of solvency test for share buy-back and dividend; and○ Managed AGM meeting proceedings.

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

Intended Outcome

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

Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board understand that the supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management’s performance of the Group. The Board ensures that each Director is provided with timely notices. Notice of meeting and meeting materials (including meeting minutes) are usually circulated to the Directors/Board Committee Members seven (7) days in advance of the meeting date to enable the Directors to review and consider the agenda items to be discussed and where necessary, to obtain further explanations in order to be fully briefed before the meeting.</p> <p>The Company Secretaries ensure that all Board and Board Committees’ meetings are properly convened. Draft meeting minutes are circulated to the chairman of the meeting for review as soon as the minute is drafted. Meeting minutes record the proceedings of the meeting and resolutions passed by the Board/Board Committees including the names of the Directors abstained from voting or deliberation on a particular matter.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formally adopted a Board Charter and it was last reviewed on 13 April 2018. The Board Charter sets out, amongst others, the roles and responsibilities of the Chairman, the Chief Executive, the Board, each Board Committees and the Management. It also sets out the processes and procedures for convening board meeting, governance matters, risk management, compliance and internal controls, etc. The Board Charter will be reviewed periodically and updated in accordance with the needs of the Company to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance.</p> <p>Separately, the Board has also defined the terms of reference of its Board Committees, namely the Audit, Nomination and Remuneration Committees respectively. These Board Committees are responsible to carry out the functions and responsibilities in accordance to their respective terms of reference and to report back to the Board for decision.</p> <p>The Board Charter and Terms of Reference of the Board Committees are published on the Company's website at www.kerjayagroup.com.</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 also reviewed its Corporate Code of Conduct on 13 April 2018. The said Code of Conduct provides guidance to stakeholders on the ethical behaviour to be expected from the Group and sets out the Board's responsibilities as well as the Management's responsibilities to communicate, measure and monitor its values and performance to achieve objectives and to instil values.</p> <p>The Board has also formally adopted its Code of Ethics which sets out the principles and the expected standard of ethical and behaviour. The Group also practises "No Gift Policy" in dealing with third parties in order to manage conflicts of interest and corruption.</p> <p>The Corporate Code of Conduct and Code of Ethics are published on the Company's website at www.kerjayagroup.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group practice an open and honest policy in enabling the employees to report on any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving resources of the Company. Hence, the Board has established its Whistleblowing Policy & Procedure aimed to provide and facilitate a mechanism for any individual to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse. Stakeholders who know of, or suspect a violation of this policy may report the incidence and their concerns to Executive Chairman, Datuk Tee Eng Ho by emailing to teeengho@kerjayaproспек.com.</p> <p>The Whistleblowing Policy & Procedure is published on the Company's website at www.kerjayagroup.com.</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>Presently, the Board consists seven (7) Directors with a mixture of suitably qualified and experienced professionals. In line with Practice 4.1 of the MCG where it encourage large companies to have at least half of the Board members comprises independent directors, the Board had on 1 June 2018 appointed an additional Independent Non-Executive Director, namely Datuk Mohamed Razeek bin Md Hussain Maricar to increase its number of Independent Directors from 3 directors to 4 directors.</p> <p>The appointment of Datuk Razeek was nominated by the Management and duly reviewed by the Nomination Committee. Further details on Datuk's Razeek's appointment is disclosed in the Nomination Committee Report on page 40 of this Annual Report and Practice 4.6 below.</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	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years									
Explanation on application of the practice	:	<p>For good governance, the Company has incorporated the following provisions in its new Constitution, which was approved by the shareholders at the annual general meeting ("AGM") held on 28 May 2018:-</p> <p>The independent director, as defined by the Listing Requirements, shall be subject to:-</p> <p>(a) Annual re-appointment by the members at AGM by way of an ordinary resolution, if he has served for a cumulative term of nine (9) years; and</p> <p>(b) Annual re-appointment by the members at AGM by ordinary resolution through a two-tier voting process as recommended by the MCGG if he has served for a cumulative term of beyond twelve (12) years.</p> <p>Except for Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof ("Professor Datuk Dr. Nik"), the tenure of office of Mr. Khoo Siong Kee and Mr. Lim Kien Lai@ Lim Kean Lai, whom are all independent directors of the Company are less than 9 years, as shown below:-</p> <table border="1"><thead><tr><th></th><th>Date of Appointment</th><th>Years of Service on Anniversary Date in 2019</th></tr></thead><tbody><tr><td>Khoo Siong Kee</td><td>25 April 2011</td><td>8 Years</td></tr><tr><td>Lim Kien Lai@ Lim Kean Lai</td><td>15 November 2011</td><td>8 Years</td></tr></tbody></table> <p>In embracing good governance, the Board would assess the objectivity of retaining an Independent Director who has served beyond nine (9) years. At the last AGM held on 28 May 2018, the annual re-appointment of Professor Datuk Dr. Nik as independent director, was approved by the shareholders.</p> <p>At the forthcoming 35th AGM to be held on 30 May 2019, Professor Datuk Dr. Nik (serving the Board for 11 years at the time of issuance of this report), who is due for retirement by rotation, will not be seeking for re-election. Professor Datuk Dr. Nik will accordingly retire at the closed of the 35th AGM of the Company. Although the Company does not have a policy which limits the tenure of its Independent Director, the foregoing demonstrate compliance with MMCG where large companies are not encouraged to retain an independent director for a period of more than twelve (12) years.</p>		Date of Appointment	Years of Service on Anniversary Date in 2019	Khoo Siong Kee	25 April 2011	8 Years	Lim Kien Lai@ Lim Kean Lai	15 November 2011	8 Years
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Khoo Siong Kee	25 April 2011	8 Years									
Lim Kien Lai@ Lim Kean Lai	15 November 2011	8 Years									

	<p>In accordance with Article 90(2) of the Company’s Constitution, the Board will be seeking members’ approval at the forthcoming 35th AGM to retain Mr. Khoo Siong Kee (“Mr. Khoo”) as Independent Director. Mr. Khoo was appointed to the Board as Independent Director on 25 April 2011. At the date of issuance of the Annual Report, Mr. Khoo has served on the Board for a period of 8 years and his term of full 9 years falls on 25 April 2020. The Board wishes to retain Mr. Khoo as Independent Director after 25 April 2020 and is therefore seeking members’ approval at the forthcoming 35th AGM for retaining him as Independent Director (in view that the next annual general meeting of the Company is expected to be held in May/June 2020). Subject to the members’ approval being obtained at the 35th AGM, Mr. Khoo will not be redesignated as Non-Independent Non-Executive Director of the Company on 25 April 2020 and will be subject to annual re-appointment by members at annual general meeting.</p> <p>The Board’s justification for retaining Mr. Khoo as Independent Director are as follows:-</p> <ul style="list-style-type: none"> • He has fulfilled the criteria under the definition of Independent Director as stated in the MMLR; • He is an experienced Chartered Accountant and is a member of the Malaysian Institute of Accountants and a member of the Chartered Tax Institute of Malaysia. His diverse range of experiences provide confidence to the Board as Chairman of the Audit Committee who oversees the periodic review of the financial results of the Group thus it is of the best interest of the Group to maintain the current appointment. • He has continued demonstrated his independence, integrity and due care during Board meetings; and • He had not entered into any related party transactions with the Group.
<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

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 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. The current diversity in the ethnicity, age distribution and skillsets of the existing Board members are as follows. It shall be noted that all Executive Directors are also the top senior management.</p> <table border="1" data-bbox="427 808 1396 1055"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Race/Ethnicity</th> <th colspan="2">Nationality</th> <th colspan="2">Gender</th> </tr> <tr> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>Others</th> <th>Malaysian</th> <th>Foreign</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Executive Director</td> <td>--</td> <td>3</td> <td>--</td> <td>--</td> <td>3</td> <td>--</td> <td>2</td> <td>1</td> </tr> <tr> <td>Independent and Non-Executive Director</td> <td>2</td> <td>2</td> <td>--</td> <td>--</td> <td>4</td> <td>--</td> <td>4</td> <td>--</td> </tr> </tbody> </table> <table border="1" data-bbox="427 1088 1396 1301"> <thead> <tr> <th>Age Group</th> <th>40-49 years</th> <th>50-59 years</th> <th>60-69 years</th> <th>70-79 years</th> </tr> </thead> <tbody> <tr> <td>Executive Director</td> <td>1</td> <td>2</td> <td>--</td> <td>--</td> </tr> <tr> <td>Independent and Non-Executive Director</td> <td>--</td> <td>--</td> <td>3</td> <td>1</td> </tr> </tbody> </table> <table border="1" data-bbox="427 1335 1396 1615"> <thead> <tr> <th>Skill</th> <th>Accounting & Finance Management</th> <th>Engineering</th> <th>Legal / Law</th> <th>Business Management</th> </tr> </thead> <tbody> <tr> <td>Executive Director</td> <td>1</td> <td>2</td> <td>--</td> <td>3</td> </tr> <tr> <td>Independent and Non-Executive Director</td> <td>1</td> <td>2</td> <td>1</td> <td>3</td> </tr> </tbody> </table>										Race/Ethnicity				Nationality		Gender		Malay	Chinese	Indian	Others	Malaysian	Foreign	Male	Female	Executive Director	--	3	--	--	3	--	2	1	Independent and Non-Executive Director	2	2	--	--	4	--	4	--	Age Group	40-49 years	50-59 years	60-69 years	70-79 years	Executive Director	1	2	--	--	Independent and Non-Executive Director	--	--	3	1	Skill	Accounting & Finance Management	Engineering	Legal / Law	Business Management	Executive Director	1	2	--	3	Independent and Non-Executive Director	1	2	1	3
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Intended Outcome

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

Practice 4.5

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	:	<p>At present, the Board does not have formal gender diversity policy. Nonetheless, the Board support the gender diversity policy and has a female Executive Director in the Board (i.e. 14% women directors). To achieve 30% women directors on Board as recommended in the MCCG for large company, the Board will require to add one (1) more women director to its present composition but the Board did not set a timeframe to fulfil the said MCCG's recommendation as the Board opined that finding a female candidate that is right fit for the Company is more important than other factors. Nevertheless, the Board is mindful of the said recommendation in the MCCG and would continue to assess and explore the opportunities.</p> <p>At management level, a few senior management positions are held by women employees. The Board will continue to provide a working environment that is conducive, fair and with equal opportunities within the Group and to commit to zero tolerance of workplace harassment, age, religious, ethnicity, race or gender discrimination.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will review and consider this practice for future adoption.
Timeframe	:	No deadline has been set for the above adoption. Also, the Company is not a "large company" at the beginning of its financial year 2019.

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee is chaired by a Senior Independent Non-Executive Director. Through the Nomination Committee the Board will consider recommendations from existing board members, management, major shareholders and third-party sources to identify suitably qualified candidates, when necessary. New board candidates proposed to fill vacancy arises from resignation, retirement or any other reasons will be reviewed by Nomination Committee before recommending to the Board for further deliberation. The evaluation process may include, reviewing the candidate's resume, biographic information, qualifications, skills, knowledge, expertise, experience, competency and his/her understanding of the Group's business environment.</p> <p>Any Board Member, while holding office, is at liberty to accept other board appointments (outside the Group) so long as the appointment is not in conflict with the business of the Group and that it would not detrimentally affect his or her performance as a board member of the Company. Before accepting an offer of appointment of other directorships, the Board members must notify the Chairman of the Board.</p> <p>During the Financial Year, Datuk Mohamed Razeek bin Md. Hussain Maricar ("Datuk Razeek") was appointed to the Board as Independent Non-Executive Director. The appointment of Datuk Razeek was nominated by the Management as part of its effort to enlarge the board size of 6 Board members by increasing the number of independent directors from 3 to 4 independent directors in compliance with the recommendation of the Malaysian Code on Corporate Governance requiring the board of "large company" to have more than 50% independent directors.</p> <p>The Nomination Committee has assisted the Board in assessing the suitability of Datuk Razeek, a candidate recommended by the Management, for appointment as independent director. The Nomination Committee has reviewed the independence of Datuk Razeek and noted that Datuk Razeek had no family relationship with any directors and/or major shareholders of the Company. The Nomination Committee also noted Datuk Razeek's disclosure on his interest in securities of the Company, which is negligible.</p>

	<p>The other criteria included in the assessment were Datuk Razeek's academic background, career, experience, skillset, knowledge and expertise. The Nomination Committee was impressive with Datuk Razeek's career achievements, spanning over 36 years in the corporate, construction and property industries, including a few Malaysian conglomerates. Satisfied with the assessment, the Nomination Committee recommended the appointment of Datuk Razeek as Independent Director of the Company to the Board as the Nomination Committee believed that Datuk Razeek who had vast experiences in property and construction would be able to contribute positively to the Board and the Company.</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

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is chaired by Mr. Khoo, a Senior Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee undertakes annual assessment to evaluate the performance of each individual Directors, the effectiveness of the Board and the Board Committees. The Board acknowledges the recommendation of the MCCG for large company to engage independent experts periodically to facilitate objective and candid board evaluation. Presently, the annual evaluation is done internally by the Management and the Board opined that the present arrangement is suffice and adequate. The Board would engage the services of independent experts when the need arises.</p> <p>Currently, the effectiveness of the Board and Board Committees are assessed in the areas of board structure/mix, decision making and boardroom participation and activities, meeting administration and conducts, skill and competencies and role and responsibilities whilst the performance of the individual Directors are assessed in the areas of contribution and interaction with peer, quality of the input of the Director, understanding of role, etc.</p> <p>During the annual assessment exercise, the Directors are given a performance evaluation sheets for Individual Director Self/Peer Evaluation and Board Evaluation to complete. In addition, Directors who are members of the Board Committees are given additional performance evaluation sheets for the respective Board Committees to complete. Sufficient time is given to the Directors to complete the forms and upon completion, the forms are submitted to the Chairman for tabling to the Nominating Committee for review in due course. For good corporate governance, the Nomination Committee did not review its own effectiveness and the performances of the Nomination Committee members. Instead, such review was carried out by the Board as a whole with the members of the Nomination Committee abstained from deliberation. In view that the Nomination Committee members are also members of the Remuneration Committee and the Audit Committee, the assessment of the effectiveness and performances of the Remuneration Committee and the Audit Committee were also carried out by the Board.</p>

	<p>The results of the annual assessment on Board, the Board Committees and individual Directors for the Financial Year were all satisfactory.</p> <p>The Directors who are subject to re-election and/or re-appointment at next Annual General Meeting shall be assessed by the Nomination Committee before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the Nomination Committee would be based on inter-alia the yearly assessment conducted.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 6.1

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The remuneration policy of the Board provides that all Executive Directors and Senior Management are remunerated based on the Group's and individual's performances, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience, level of responsibilities assumed in the Board Committees, their attendance and/or special skills and expertise they bring to the Board.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will review and consider this practice for future adoption.
Timeframe	:	No deadline has been set for the above adoption. Also, the Company is not a "large company" at the beginning of its financial year 2019.

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has a Remuneration Committee which operates within its defined Terms of Reference, a copy of which can be obtained from the Company's website at www.kerjayagroup.com</p> <p>The members of the Remuneration Committee are as follows and comprised wholly Independent Non-Executive Directors:</p> <ol style="list-style-type: none">(1) Khoo Siong Kee (Chairman)(2) Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof (Member)(3) Lim Kien Lai @ Lim Kean Lai (Member) <p>The remuneration of the Executive Directors (who are also the Senior Management) is reviewed and recommended by the Remuneration Committee to the Board for approval. All Directors shall abstain from discussions and decisions on their own remuneration. Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.</p> <p>During the financial year ended 31 December 2018, the Remuneration Committee had reviewed and recommended the remuneration of the Executive Directors and the fees and benefits payable to Non-Executive Directors. All Directors were abstained from discussions and decisions on their own remuneration</p> <p>The details of the Board members' remunerations are disclosed in the Corporate Governance Overview Statement as contained in the Company's Annual Report 2018 and Practice 7.1 below.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application :	Applied				
Explanation on application of the practice	The details of remuneration paid or payable to the Directors for the Financial Year are as follows:				
	Received from Subsidiaries	EXECUTIVE DIRECTORS			
		Datuk Tee Eng Ho (RM'000)	Datin Toh Siew Chuon (RM'000)	Tee Eng Seng (RM'000)	
	Directors' Fee	-	-	-	
	Meeting Allowances	-	-	-	
	Salaries	1,587	1,022	1,022	
	Bonus	492	317	317	
	Benefits-in-Kind	24	17	24	
	Other Emoluments	251	162	162	
	Total	2,354	1,518	1,525	
	Received from the Company	INDEPENDENT NON-EXECUTIVE DIRECTORS			
		Khoo Siong Kee (RM'000)	Lim Kien Lai @ Lim Kean Lai (RM'000)	Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof (RM'000)	Datuk Mohamed Razeek bin Md Hussain Maricar (Appointed on 1/6/18) (RM'000)
	Directors' Fee	72.6	55.4	55.4	25
	Meeting Allowances	6.5	6.5	6.5	1
Salaries	-	-	-	-	
Bonus	-	-	-	-	
Benefits-in-Kind	-	-	-	-	
Other Emoluments	-	-	-	-	
Total	79.1	61.9	61.9	26	
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	:	Applied																	
Explanation on application of the practice	:	<p>Presently, the Group has identified top three (3) senior management, namely, Datuk Tee Eng Ho, Datin Toh Siew Chuon, Tee Eng Seng who are also the Executive Directors of the Company.</p> <p>As required under the MCCG to disclose top five (5) Senior Management's remuneration in the band of RM50,000, the table append below shows the remuneration of the Executive Directors (who are also the top senior management) in the following remuneration bands:-</p> <table border="1" data-bbox="469 1019 1385 1332"> <thead> <tr> <th rowspan="2">Remuneration Band (RM'000)</th> <th colspan="3">EXECUTIVE DIRECTORS/SENIOR MANAGEMENT</th> </tr> <tr> <th>Datuk Tee Eng Ho</th> <th>Datin Toh Siew Chuon</th> <th>Tee Eng Seng</th> </tr> </thead> <tbody> <tr> <td>RM1,500 – RM1,550</td> <td></td> <td>√</td> <td>√</td> </tr> <tr> <td>RM2,350 – RM2,400</td> <td>√</td> <td></td> <td></td> </tr> </tbody> </table> <p>Their respective remunerations are disclosed in the Corporate Governance Overview Statement as contained in the Company's Annual Report 2018 and Practice 7.1 above.</p>			Remuneration Band (RM'000)	EXECUTIVE DIRECTORS/SENIOR MANAGEMENT			Datuk Tee Eng Ho	Datin Toh Siew Chuon	Tee Eng Seng	RM1,500 – RM1,550		√	√	RM2,350 – RM2,400	√		
Remuneration Band (RM'000)	EXECUTIVE DIRECTORS/SENIOR MANAGEMENT																		
	Datuk Tee Eng Ho	Datin Toh Siew Chuon	Tee Eng Seng																
RM1,500 – RM1,550		√	√																
RM2,350 – RM2,400	√																		
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 7.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	All Executive Directors are also top senior management of the Group. The detailed remuneration of the Executive Directors are disclosed in the Corporate Governance Overview Statement as contained in the Company's Annual Report 2018 and Practices 7.1 and 7.2 above.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee comprises three (3) Independent Non-Executive Directors. The Chairman of the Audit Committee is Mr. Khoo Siong Kee, who is a member of the Malaysian Institute of Accountants and a fellow member of Chartered Accountants Australia and New Zealand and Chartered Tax Institute of Malaysia. He also holds memberships in other professional bodies, details of which can be found in his profile on page 7 of the Annual Report 2018 of the Company.</p> <p>Collectively, the Audit Committee possess a wide range of necessary skills to discharge its duties and members of the Audit Committee are financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process. In order to strengthen the present financial literacy of each member, all members of the Audit Committee will balance their participation in continuous professional development programmes on accounting and auditing standards, practices and rules. Periodically, External Auditors and Internal Auditor updated the Audit Committee on changes to the accounting standards to ensure the Audit Committee members are keep abreast with latest developments in the statutory and accounting 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

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	:	When considering the appointment of former key audit partner from its current External Auditor’s firm, the Audit Committee is mindful of the minimum two (2) years cooling off period best practice under the MCCG before appointing this partner as a member of the Audit Committee. None of the present members of the Audit Committee were former audit partners of the Company’s auditors. With the present composition structure and practice, the Audit Committee is able to objectively review and report its findings and recommendations to the Board.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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>Annually, the Audit Committee will review the appointment, performance and remuneration of the External Auditors before recommending them to the Board for approval for seeking shareholders' approval at the forthcoming annual general meeting for re-appointment. In assessing the External Auditors, the Audit Committee will take into consideration the adequacy of resources of the firm, quality of service and competency of the staffs assigned to the audit as well as the auditors' independence and fee to determine the suitability and objectivity of the External Auditors.</p> <p>For effectiveness and independence conduct of the Audit Committee's functions, the Audit Committee have separate discussions with the External Auditors and Internal Auditor without the presence of the Executive Directors and employees of the Group as and when necessary to discuss matters that the Audit Committee or the auditors believe should be discussed privately or to have a discussion about any matters of significance that arose during the audit process.</p> <p>Also, as part of the Audit Committee's review processes, the Audit Committee will also obtain assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>During the financial year ended 31 December 2018, the Audit Committee had undertaken the above procedures on 13 April 2018 in assessing the External Auditors and recommended to the Board for approval for seeking shareholders' approval at the AGM on the appointment of Messrs Ong & Wong as Auditors of the Company for financial year 2018.</p> <p>This year, the Audit Committee repeated the evaluation process and has recommended to the Board for approval for seeking shareholders' approval at the forthcoming 35th AGM to be held on 30 May 2019 on the appointment of Messrs Ong & Wong as Auditors of the Company for financial year 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has established an effective and independent Audit Committee.</p> <p>As disclosed in Practice 4.2, the shareholders have approved the resolution on retention of Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof as Independent Director at the last AGM held on 28 May 2018, hence, the members of Audit Committee continue to comprise fully Independent Non-Executive Directors.</p>

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had reviewed the terms of office of the Audit Committee members and assessed the performance of the Audit Committee through the annual board committee assessment facilitated by Nomination Committee. Based on this assessment, the Board is satisfied with the performance of the Audit Committee and the level of knowledge and skills of the Audit Committee members needed to discharge their duties and to understand the matters under the Committee's purview on financial reporting.</p> <p>In order to strengthen the present financial literacy of each member, all members of the Audit Committee will balance their participation in continuous professional development programmes on accounting and auditing standards, practices and rules continuously.</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 responsible for the overall risk management in the Group while Executive Directors together with the senior management team are primary responsible for managing risks in the Group. Issues related to risk management and internal control were also discussed and presented to the Audit Committee at its quarterly meetings.</p> <p>The Board opined that foregoing approach is suffice for the time being to oversees the company's risk management framework and policies without the need to establish a separate Risk Management Committee.</p> <p>The Board has also commented in its Statement of Risk Management and Internal Control contained in the Annual Report 2018 that they are satisfied with the effectiveness and adequacy the existing level of systems of risk management and internal control.</p> <p>Further details of Group's risk management and internal control framework covering the risk policy, risk appetite, risk assessment and the review process by the Board and Audit Committee and the key internal controls can be found in the Statement on Risk Management and Internal Control of the Annual Report 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>As the Group operates in a dynamic business environment, sound risk management and internal control systems must be in place to help the Group to achieve its business objectives.</p> <p>The Board acknowledges its responsibility for the Group's risk management and internal control which includes identifying principal risks, implementing appropriate control measures to manage risks and reviewing the adequacy and effectiveness of the risk management and internal control systems on continuous basis.</p> <p>There are processes for identifying, evaluating, monitoring and managing significant risks that may impede the achievement of the Group's business and corporate objectives. The Board through the Audit Committee reviews the internal control processes to ascertain that measures taken to mitigate risk.</p> <p>Further details on the internal controls as well as the Board review of the adequacy and effectiveness of the risk management and internal control frameworks are presented in the Statement on Risk Management and Internal Control of the Annual Report 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - 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 Audit Committee is responsible for reviewing the engagement of the Internal Auditor. In assessing the Internal Auditor, the Audit Committee will take into consideration the adequacy of resources of the firm, quality of service and competency of the staffs assigned to the audit as well as the auditors’ independence and fee to determine the suitability and objectivity of the Internal Auditors.</p> <p>The Board has engaged a professional internal audit service company to assist the Board in reviewing and strengthening the Group systems of internal control. The Internal Audit Function reports to the Audit Committee directly and has organised its work covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the internal audit findings. Audit Committee approves the internal audit plan and review the progress of audit periodically. The results of the internal audit reviews are reported to Audit Committee and Audit Committee will subsequently report to Board for further review. Follow-up review will also be conducted to ensure that recommendations for improvement are implemented by Management accordingly.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p><u>Risk Management</u></p> <p>The Board as a whole remains responsible for the overall risk management in the Group while Executive Directors together with the senior management team are primary responsible for managing risks in the Group.</p> <p>The Group has enhanced its Enterprise Risk Management (“ERM”) framework during the year, focus on the components of risk reporting structure; reporting frequency; types and contents of risk reporting. A group-wide risk management policy statement was drawn up to communicate the Board’s expectations on risk management implementation throughout the Group. The Group has also performed a risk assessment on the strategic perspective and the construction operation via a facilitated brainstorming workshop. Risks information were documented in risk registers to facilitate management’s continuous risk management efforts. Result of the strategic and construction risk assessment was presented to the Board for review and deliberation. These risk management processes of identification, assessment and documentation are carried out with reference to the principles of ISO31000 on Risk Management which is an internationally recognised risk management framework.</p> <p><u>Internal Audit</u></p> <p>At beginning of the Financial Year, the Internal Audit Function is carried out by IA Essential Sdn. Bhd. an outsourced internal audit consulting firm. IA Essential is independent of the Board and the audit personnel assigned to the task are free from any relationships or conflict of interest which could impair their objectivity and independence. The internal audit function by IA Essential Sdn. Bhd. headed by its director who is assisted by a manager and supported by an audit executive. The director in-charge is a qualified accountant while the rest of the team members are accounting graduates from local universities. The Internal Auditors have performed its work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.</p>

	<p>During the Financial Year, the Board via the recommendation of the Audit Committee has changed its internal audit service provider. The current internal audit consulting firm is Axcelasia Columbus Sdn. Bhd. The outsourced internal audit execution was headed by the Managing Director of Axcelasia Columbus Sdn Bhd of whom possesses the professional qualifications of Certified Internal Auditor ('CIA'); Certification in Risk Management Assurance ('CRMA'), and he is also a qualified professional accountant. The team members who performed the internal audit assessment include a Director level professional who is a CIA and another two (2) members who possess accounting qualification and relevant working experiences. The Internal Auditor performed its work under the guidance of the International Professional Practices Framework issued by the Institute of Internal Auditors Inc.</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

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 Group maintains a website at www.kerjayagroup.com where shareholders or investors may access information on the Group under "Investor Relation" link encompassing corporate information, latest financial results, annual reports, announcements to Bursa Securities, Board Charter, Terms of Reference of Board Committees, Code of Conduct and Code of Ethics.</p> <p>The following personnel has been identified as the investor contact person of the Group:</p> <p>Contact Person: Datuk Tee Eng Ho (Executive Chairman) Tel : 603-6277 2480 Email : ir@kerjayagroup.com.my</p> <p>Periodically, the Group had also conducted analyst and media briefings during the year to provide detailed explanation and presentation about the business performance of the Group and its prospect.</p> <p>Shareholders and investors are also encouraged to interact and feedback to the Chairman or any Executive Directors for opinions or concerns. The Board had also identified Mr. Khoo Siong Kee to act as the Senior Independent Director to provide shareholders and investors with an alternative to convey their concerns and seek independent view.</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 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	:	<p>The Company has not adopted integrated reporting framework for its financial year ended 31 December 2018 as year 2018 is the first year where the Company is deemed a 'large company' under MCCG's definition.</p> <p>Nevertheless, the Company has reported its Sustainability Statement in its Annual Report 2018 covering the aspects of governance, environment and social responsibility for stakeholders' reference.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will review and consider this practice for future adoption, if adequate and required.
Timeframe	:	No deadline has been set for the above adoption. Also, the Company is not a "large company" at the beginning of its financial year 2019.

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board had adopted the recommendation of MCCG for the notice of AGM to be given to shareholders at least 28 days prior to the meeting. Shareholders who are unable to attend the AGM may appoint proxies to attend and vote on their behalf.	
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	:	All Board members will ensure their attendance in the AGM and the respective chairmen of the Board Committees shall attend to questions raised pertaining to their duties.	
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 Board will consider the convenience of shareholders in selecting a suitable and appropriate location to hold its AGM. The last AGM was held in the city of Kuala Lumpur.</p> <p>Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf by completing the proxy form enclosed in the Annual Report and depositing it at the Registered Office at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.</p> <p>In line with Paragraph 8.29A(1) of the MMLR, all resolutions set out in the notice of last AGM held on 28 May 2018 were put to vote by poll. The Company has appointed an independent scrutineer to validate the vote cast in the AGM. The outcome of the AGM was then announced to Bursa Securities on the same meeting day.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will review and consider this practice for future adoption, if adequate and required.
Timeframe	:	No deadline has been set for the above adoption. Also, the Company is not a "large company" at the beginning of its financial year 2019.

**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.

Not Applicable