

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5204  
**COMPANY NAME** : PRESTARIANG BERHAD  
**FINANCIAL YEAR** : December 31, 2017

### **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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board remains resolute and upholds its responsibility in governing, guiding and monitoring the direction of the Company with the eventual objective of enhancing long term sustainable value creation aligned with shareholders' interests whilst taking into account the long-term interests of all stakeholders, including shareholders, employees, customers, business associates and the communities in which the Group and the Company conducts its business.</p> <p>The Company is led and controlled by an effective Board drawn from various professional backgrounds, bringing depth and diversity in experience, expertise and perspectives to the Company's business operations.</p> <p>The Board is active in developing and implementing the Company's strategies, monitoring and reviewing the Company's performance.</p> <p>In January 2017, the Board reviewed and approved the Group's Strategic Transformation Business, Financial Forecast commitment for year 2017 and the various action plans to be undertaken by the respective business divisions of the Group. The Annual Operating Budget for year 2017 and Business Plan from year 2018 to year 2019 for the Group was also presented and approved by the Board. The Board reviewed and deliberated on the proposals presented by the Management and provided the necessary guidance as well as feedback for the Management's further action.</p> <p>The Board has delegated specific powers to relevant Board Committees as well as the President/Group Chief Executive Officer ("President/GCEO"). The Board Committees comprise the following:-</p> <ul style="list-style-type: none"><li>• Audit Committee;</li><li>• Risk Management Committee;</li><li>• Nomination Committee;</li></ul>

- Remuneration Committee;
- Finance and Investment Committee; and
- Tender Committee.

The President/GCEO and the Chief Executive Officers (“CEOs”) of each of Group’s business divisions shall act in accordance with the powers delegated as per the limits of authority by the Board from time to time.

The President/GCEO shall be more focused on strategic function and overseeing at macro level while the CEOs of the respective business divisions shall be responsible to execute and implement the strategies, operations and activities of the respective business units with a view to achieve their respective goals and targets.

At the onset of each financial year, the Board considers and approves a set of key performance indicators (“KPIs”) and expectations on the basis of the Balanced Scorecard for the President/GCEO and also the CEOs of the Group’s business divisions as recommended by the Remuneration Committee. The KPIs consist of parameters encompassing financial and non-financial criteria, such as revenue, profit before tax, new business contracts, Environment, Social and Governance (“ESG”) performance, milestone achievement (quantitative and qualitative measures) as determined by the Board. This serves as a yardstick against which their performance will be measured and evaluated. These KPIs are cascaded down to the Management.

At each Board Meetings, the President/GCEO and each CEOs of the Group’s business divisions were invited to present updates and performance of each business divisions. Enquiries by the Board were also addressed accordingly.

The Risk Management Committee is responsible for reviewing and recommending risk management policies and strategies for the Company. It also assists the Board in fulfilling corporate governance, risk management and statutory responsibilities in order to manage overall risk exposure.

In 2017, the Risk Management Committee reviewed in detail the risk exposure of the Sistem Kawalan Imigresen Nasional (SKIN) Project to ensure all necessary risk items are under control.

The objective of the Nomination Committee (“NC”) is to assist the Board in ensuring that it has an effective composition to discharge its stewardship responsibilities

The main activities carried out by the Nomination Committee during the financial year are as follows:-

- Discussed on the proposed realignment and reorganisation of the Group;

- Reviewed and recommended to the Board of Directors on the appointment of Chief Executive Officer of Prestariang SKIN Sdn Bhd;
- Reviewed and recommended to the Board of Directors on the re-designation of the Chief Executive officer Talent & Software Division as the Director of Service Delivery under Prestariang SKIN Sdn Bhd;
- Reviewed the Directors who are subject to retirement by rotation pursuant to the Company's Articles of Association;
- Assessed the performance of the Board and Board Committees; and
- Assessed the independence of the Independent Directors of the Company.

The objective of the Remuneration Committee is to assist the Board in ensuring that it has a competitive remuneration package to attract and retain directors and senior management staff (both present and potential future) needed to run the Company successfully.

The summary of activities of the Remuneration Committee during the financial year under review is as follows:-

- Reviewed and recommended to the Board on the Proposed Balanced Scorecard and Key Performance Indicators of the President/GCEO for the year 2017;
- Reviewed the Balance Scorecard/Key Performance Results for the year 2016 for the President/GCEO and A1 C-Suite Level Officers;
- Reviewed and recommended to the Board on the Proposed salary increment, adjustment and promotion for the year 2017 for the Group;
- Reviewed and Recommended to the Board on the salary of the President/GCEO and Chief Financial Officer;
- Reviewed and recommended to the Board on the amount of directors' fees for the financial year ended 31 December 2016;

The Finance and Investment Committee is tasked to assist the Board in the following:-

- to assist the Board in evaluating all investment proposals including treasury and cash management, acquisitions and disposals of assets, or investments into new businesses including venture capital, locally and abroad;
- to review the viability of proposals/projects/investments at the Initial Project Assessment Stage and provide appropriate directions to the Management, so as to enable the Management to proceed or otherwise with the basic investment concept proposal; and
- to review, recommend and act on any other investment proposals and matters related thereto, as mandated by the Board.

The summary of activities of the Finance and Investment Committee during the financial year under review is as follows:-

- Reviewed and recommended to the Board on the Proposed investment in OpenLearning Global Pte Ltd;

	<ul style="list-style-type: none"> <li>• Reviewed the cashflow projection for years 2017 and 2018;</li> <li>• Reviewed and recommended to the Board on proposed purchase of office building; and</li> <li>• Reviewed and recommended to the Board on the fund raising exercise for SKIN Group.</li> </ul> <p>The objective of the Tender Committee is to assist the Board of Directors in recommending the procurement within Prestariang Services Sdn Bhd and Group of Companies for the purchase of fixed assets (capital expenditure), project related purchases (including inventories, technology partners, IT vendors, project insurance, etc) and appointment of consultants/advisers.</p>
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Dato' Mohamed Yunus Ramli Bin Abbas is the Independent Non-Executive Chairman of the Company. The Chairman is responsible in providing leadership for the Board to ensure that all Directors receive sufficient and relevant information on financial and non-financial matters to enable them to participate actively in Board decisions.</p> <p>The key roles and responsibilities of the Chairman as set out in the Board Charter of the Company include:-</p> <ul style="list-style-type: none"><li>• To provide governance in matters requiring corporate justice and integrity;</li><li>• To manage Board's communications and effectiveness and effective supervision over management;</li><li>• To create conditions for good decision making during Board's and shareholders' meetings;</li><li>• To ensure Board's proceedings are in compliance with good conduct and best practices;</li><li>• To protect the interest and provide for the information needs of various stakeholders;</li><li>• To maintain good contact and effective relationships with external parties, investing public, regulatory agencies and trade associations;</li><li>• To ensure that quality information to facilitate decision-making is delivered to the Board on timely manner; and</li><li>• To ensure compliance with all relevant regulations and legislation.</li></ul> <p>The leadership of the Chairman was acknowledged by the good ratings received via the self and board performance evaluation for the financial year 2017.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Dato' Mohamed Yunus Ramli Bin Abbas is the Independent Non-Executive Chairman while Dr. Abu Hasan Bin Ismail is the President/Group Chief Executive Officer (“President/GCEO”).</p> <p>The roles of the Chairman and the President/GCEO are segregated and clearly defined by their individual position descriptions.</p> <p>The roles of both the Chairman and President/GCEO are defined in the Board Charter.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Ms. Chua Siew Chuan and Mr. Lim Lih Chau are the Company Secretaries of the Company.</p> <p>The Board members have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries advise the Board on the Company's constitutions, Board's policies and procedure and compliance with the relevant regulatory requirements, codes or guidance and legislations (or any amendments thereto). The Board is regularly updated and apprised by the Company Secretaries who are experienced, competent and knowledgeable, on the laws and regulations, as well as directives issued by the regulatory authorities. The Company Secretaries brief the Board on proposed contents and timing of material announcements to be made to Bursa Malaysia. The Company Secretaries also serve notice to the Directors and principal Officers to notify them of closed periods for trading in the Company's shares, and timely communication of decisions made and in accordance with the black-out periods for dealing in the Company's securities pursuant to Chapter 14 the Bursa Malaysia MMLR.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretaries attend and ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory books kept at the registered office of the Company. The Company Secretaries also facilitate timely communication of decisions made and policies set by the Board at Board meetings, to the Senior Management for action. The Company Secretaries work closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.</p> <p>All members of the Board are supplied with information in a timely manner. Board reports and papers are circulated in advance prior to Board meetings to enable Directors to obtain further information and explanations, where required, before the meetings. Minutes of meetings, which accurately reflect the deliberation and decisions of the Board are also circulated within a reasonable period of time upon conclusion of each meeting. Matters that require further action by the Management would stay as matters arising in the Minutes of meetings until it is resolved.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	: Applied						
<b>Explanation on application of the practice</b>	<p>The Board Charter of the Company which document the roles of the Board and policies that the Board has decided upon to meet, among others, its responsibilities, governance and leadership.</p> <p>This is to ensure that all Board members are aware of their fiduciary duties and responsibilities to safeguard the interest of all stakeholders and upholding the highest standards of corporate governance.</p> <p>The Board Charter is subject to review from time to time. A copy of the Board Charter is available on the Company's website at <a href="http://www.prestariang.com.my">www.prestariang.com.my</a>.</p> <p>In order to ensure continuing education for the Board to enhance their knowledge and skills for better board participation during meetings, the Board members had attended the following training programmes/seminars/forums during the financial year:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">Name of Directors</th> <th>Trainings Programmes/Seminars/Forums Attended</th> </tr> </thead> <tbody> <tr> <td>Dato' Mohamed Yunus Ramli Bin Abbas</td> <td> <ul style="list-style-type: none"> <li>• Bursa Malaysia's Sustainability Engagement Series for Directors/ Chief Executive Officers 2017</li> <li>• Global Transformation Forum 2017 - Discover The Secrets of Transformation</li> <li>• MyDigital Leaders Convention 2017-Digital Transformation Public Sector Digital Competencies</li> </ul> </td> </tr> <tr> <td>Dato' Maznah Binti Abdul Jalil</td> <td> <ul style="list-style-type: none"> <li>• Bursa Malaysia's Sustainability Forum 2017: "The Velocity of Global Change &amp; Sustainability - The New Business Model"</li> <li>• Global Transformation Forum 2017 - Discover The Secrets of Transformation</li> <li>• Advocacy Sessions on Corporate Disclosure for Directors and Principal Officers of Listed Issuers</li> <li>• 2018 Budget and Its Impact on Capital Market</li> <li>• Industry Transformation Initiative - Economics and Capital Market 1 : Forces Shaping Global Capital Markets</li> <li>• MyDigital Leaders Convention 2017 - Digital Transformation Public Sector Digital Competencies</li> </ul> </td> </tr> </tbody> </table>	Name of Directors	Trainings Programmes/Seminars/Forums Attended	Dato' Mohamed Yunus Ramli Bin Abbas	<ul style="list-style-type: none"> <li>• Bursa Malaysia's Sustainability Engagement Series for Directors/ Chief Executive Officers 2017</li> <li>• Global Transformation Forum 2017 - Discover The Secrets of Transformation</li> <li>• MyDigital Leaders Convention 2017-Digital Transformation Public Sector Digital Competencies</li> </ul>	Dato' Maznah Binti Abdul Jalil	<ul style="list-style-type: none"> <li>• Bursa Malaysia's Sustainability Forum 2017: "The Velocity of Global Change &amp; Sustainability - The New Business Model"</li> <li>• Global Transformation Forum 2017 - Discover The Secrets of Transformation</li> <li>• Advocacy Sessions on Corporate Disclosure for Directors and Principal Officers of Listed Issuers</li> <li>• 2018 Budget and Its Impact on Capital Market</li> <li>• Industry Transformation Initiative - Economics and Capital Market 1 : Forces Shaping Global Capital Markets</li> <li>• MyDigital Leaders Convention 2017 - Digital Transformation Public Sector Digital Competencies</li> </ul>
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		<ul style="list-style-type: none"> <li>• The CG Breakfast Series For Directors - Leading Change @ The Brain</li> </ul>
	Dr. Abu Hasan Bin Ismail	<ul style="list-style-type: none"> <li>• Global Transformation Forum 2017 - Discover The Secrets of Transformation</li> <li>• MyDigital Leaders Convention 2017 - Digital Transformation Public Sector Digital Competencies</li> <li>• The Social Learning Conference 2017, Sydney, Australia</li> </ul>
	Chan Wan Siew	<ul style="list-style-type: none"> <li>• Sustainability Forum</li> <li>• Malaysia Strategic Outlook 2017</li> <li>• ICT Practitioners Seminar</li> <li>• Global Transformation Forum 2017 - Discover The Secrets of Transformation</li> <li>• Integrated Reporting: by Richard Howitt (CEO)( and Jonathan Labrey (CSO) of IIRC</li> <li>• Ascend Pan Asian Directors Summit 2017, Palo Alto, California</li> <li>• Future of Governance in South Korea, Singapore</li> <li>• SDG Business Summit</li> <li>• FIDE Forum – Risk &amp; Reward Seminar</li> <li>• Thai Institute of Directors National Conference 2017, Bangkok – As Speaker</li> <li>• FinTech Seminar</li> <li>• Cryptocurrency, Blockchain</li> <li>• Ascend National Convention 2017, Houston, Texas</li> <li>• Women in Leadership Summit – Moderator/Facilitator</li> <li>• NACD Global Board Leaders Summit, National Harbor, MD, USA</li> <li>• (International Integrated Reporting Council) IIRC Convention 2017 – As Speaker/Panelist</li> <li>• 22nd Malaysian Capital Market Summit 2017 – As Speaker</li> <li>• Driving Financial Integrity &amp; Performance – Enhancing Financial Literacy Programme</li> <li>• Integrated Reporting, Breakfast Talk</li> <li>• MyDigital Leaders Convention 2017 - Digital Transformation Public Sector Digital Competencies</li> <li>• NACD Advanced Director Professionalism Program, Miami, Florida</li> </ul>
	Ramanathan A/L Sathiamutty	<ul style="list-style-type: none"> <li>• Digital Mindset Training</li> <li>• Global Transformation Forum 2017 - Discover The Secrets of Transformation</li> <li>• Mobile World Congress Conference</li> <li>• Chief Transformation Officer Meeting</li> <li>• Broadband Conference</li> </ul>
	Nik Amlizan Binti Mohamed	<ul style="list-style-type: none"> <li>• Global Transformation Forum 2017 - Discover The Secrets of Transformation</li> <li>• CIMB 11th Annual Indonesia Site Tour &amp; Conference</li> <li>• The Southeast Asia Venture Capital &amp; Private Equity Conference</li> <li>• Champion Training - Lean Sigma for Leaders</li> </ul>

		<ul style="list-style-type: none"> <li>• ICGN Annual Conference 2017</li> <li>• Effective Internal Audit Function for Audit Committee (AC) Workshop</li> <li>• KWAP Teambuilding Program 2017</li> <li>• ESG Awareness Campaign</li> <li>• Inspirational Talk : Managing Across Generations</li> </ul>
<b>Explanation :</b> <b>for</b> <b>departure</b>		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure :</b>		
<b>Timeframe :</b>		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Directors' Code of Ethics described the standards of business conduct and ethical behaviour for Directors in the performance and exercise of their responsibilities as Directors of the Company or when representing the Company, including declaration of interests, conduct in meetings and guidelines in accepting gifts.</p> <p>The Directors have continued to observe the said Directors' Code of Ethics in carrying out their fiduciary duties and responsibilities. This is to ensure that high ethical standards are upheld, and that the interests of stakeholders are always taken into consideration. The Directors are required to declare their direct and indirect interests in the Company and related companies. It is also the Directors' responsibility to declare to the Board whether they and any person(s) connected to them have any potential or actual conflict of interest in any transaction or in any contract or proposed contract with the Company or any of its related companies. Any Director who has an interest in any related party transaction shall abstain from Board deliberation and voting and shall ensure that he and any person(s) connected to him will also abstain from voting on the resolution before him.</p> <p>The Company also has in place Code of Conduct for employees of the Group that contains policies and guidelines relating to the standards and ethics that all employees are expected to observe and obey in the course of their employment in the Company. It is intended to maintain discipline and order in the work place. It also sets out the circumstances in which such employees would be deemed to have breached the Code of Conduct and the actions that can be taken against them if they do so.</p> <p>A copy of the Director's Code of Ethics and Employees' Code of Conduct are available on the Company's website at <a href="http://www.prestariang.com.my">www.prestariang.com.my</a>.</p>
	:	

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

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>In order to uphold the integrity of the Company in conducting its business, the Company continues to implement the approved Code of Conduct which contains the Whistle-Blowing Policy.</p> <p>The policy is designed to enable employee of the Company to raise concern internally and at a high level and to disclose information which the individual believes shows malpractice or impropriety.</p> <p>Examples of those concerns include:</p> <ul style="list-style-type: none"> <li>• Financial malpractice or impropriety or fraud</li> <li>• Failure to comply with a legal obligation or Statutes</li> <li>• Endangerment of an individual's health &amp; safety or the environment</li> <li>• Criminal activity/offences</li> <li>• Improper conduct or unethical behaviour</li> <li>• Corruption, bribery or blackmail</li> <li>• Miscarriage of justice</li> <li>• Attempt to conceal of any/or a combination of the above</li> </ul> <p>A copy of the Whistle Blowing Policy is available in the Company's website at <a href="http://www.prestariang.com.my">www.prestariang.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At present, the Board consists of six (6) members, comprising one (1) Executive Director, one (1) Non-Independent Non-Executive Director, one (1) Senior Independent Non-Executive Director and three (3) Independent Non-Executive Directors. Four (4) out of the six (6) members are Independent Non-Executive Directors.</p> <p>All the four (4) Independent Non-Executive Directors satisfy the definition of independence as prescribed in the MMLR. They constitute 66.6% of the Board, which comprises majority of the Board, notwithstanding the Company is not classified as a "Large Company".</p> <p>The roles and responsibilities of Non-Executive Directors include the following: -</p> <ul style="list-style-type: none"><li>• providing independent and objective views (in the case of Non-Executive Directors who are Independent Non-Executive Directors), assessment and suggestions in deliberations of the Board;</li><li>• ensuring effective check and balance in the proceedings of the Board;</li><li>• mitigating any possible conflict of interest between the policy-making process and day-to-day management of the Group and the Company; and</li><li>• constructively challenging and contributing to the development of the business strategies and direction of the Group and the Company.</li></ul> <p>To ensure the effectiveness of the Independent Non-Executive Directors on the Board, the independence assessment are conducted annually via the following:-</p> <ul style="list-style-type: none"><li>• self/board performance evaluation; and</li><li>• forms of declaration of independence to facilitate the process of determining the Directors' independence.</li></ul> <p>Through the recommendation of the Nomination Committee, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interests of the Company.</p>

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

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	None of the Directors exceeds the nine (9) years' tenure in the Company and subject to the re-designation and/or shareholders' approval.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The current Board consists of Directors from diverse background and qualifications, collectively bring with them a wide range of experience and expertise in areas such as accounting and auditing, taxation, finance, information technology and investment</p> <p>On boardroom diversity, the Board is supportive of the boardroom gender diversity recommended by the Code. The Board currently consists of two (2) female directors which fulfils the recommendation of at least 30% women participation notwithstanding the Company is not classified as "Large Company"</p> <p>The Company believes in talent development particularly for key positions successor which is in line with the Leadership Development. Subsequent to the Succession Plan framework endorsed in 2014 and the restructuring of the Group core business activities effective from 1 March 2017 (hereinafter referred to as "Group Restructuring") the Company has streamlined and aligned key positions to drive the transformational business.</p> <p>The key positions grow in tandem with the growth and development of the Company. The President/GCEO and the relevant Board committees spend a significant amount of time and effort evaluating key potential candidates, including by maintaining a compilation of potential candidates organized by strategic skill set. The Company is particularly focused on identifying individuals whose skills and experiences will contribute to the shaping of the Company's business strategy with diverse and balanced perspectives to the organization. The Company subscribes to diversity in terms of experience, capability, nationality, ethnicity and gender.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supportive of the gender boardroom diversity as stated in the Board Charter.</p> <p>The Board currently consists of two (2) female directors which fulfils the recommendation of at least 30% women participation notwithstanding the Company is not classified as “Large Company”. The Board targets to improve further on gender diversity ratio.</p> <p>The Nomination Committee is tasked to consider candidates for directorship taking into consideration the following:-</p> <ul style="list-style-type: none"> <li>• skill, knowledge, expertise, experience;</li> <li>• professionalism;</li> <li>• integrity; and</li> <li>• the ability to discharge such responsibilities and functions as expected from a director.</li> </ul> <p>The Board will, from time to time, review its composition and size to ensure it fairly reflects the investments of the shareholders of the Company while at the same time having due regard for diversity in skills, experience, age, cultural background and gender.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In considering candidates for directorship, the Nomination Committee does not solely rely on recommendations from existing board members, management or major shareholders. The Nomination Committee would take into account the following:-</p> <ul style="list-style-type: none"> <li>• skill, knowledge, expertise, experience;</li> <li>• professionalism;</li> <li>• integrity; and</li> <li>• the ability to discharge such responsibilities and functions as expected from a director.</li> </ul> <p>During the financial year, the Company did not appoint any new Director. The Company has set the consideration of other variety of approaches and independent sources to identify suitable candidate for appointment of Directors as one of the key priorities to consider.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Dato' Maznah Binti Abdul Jalil, the Senior Independent Non-Executive Director of the Company, is presently the Chairperson of the Nomination Committee.  Her responsibilities and duties as a member of the Nomination Committee are disclosed in the Terms of Reference of the Nomination Committee.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The annual assessments for the performance of Board, individual director and Committees were conducted for the financial year ended 31 December 2017. Directors and Committees provided anonymous feedback on their peers' performance and individual performance contribution to the Board and respective Committees. The results were then collated by the Company Secretaries and tabled to the Nomination Committee for deliberation. Each Director was provided feedback on their contribution to the Board and its Committees. The review supported the Board's decision to endorse all retiring Directors standing for election. The assessment report together with the report on the Board balance (the required mix of skills, experience and other qualities) are discussed and circulated to the Board in March 2018. The results affirmed that the Board and each of its Committees continue to operate effectively.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b> :	Applied									
<b>Explanation on application of the practice</b>	<p>The Company has in place a remuneration policy for the Directors and key senior management personnel which takes into account the demands, complexities, and performance of the Group as well as skills and experience required.</p> <p>A copy of the remuneration policy which discloses high level principles and a detailed process for setting remuneration is available in the Company's website at <a href="http://www.prestariang.com.my">www.prestariang.com.my</a>.</p> <p>The remuneration of senior management is determined at Board level and does not require shareholders' approval.</p> <p>The Executive Director and senior management receive a competitive remuneration package consisting of the following components:</p> <table border="0" data-bbox="430 1411 1484 1713"> <tr> <td data-bbox="430 1411 758 1467" style="text-align: center;"><b>Fixed</b></td> <td colspan="2" data-bbox="821 1411 1484 1467" style="text-align: center;"><b>Variable</b></td> </tr> <tr> <td data-bbox="430 1467 758 1556" style="text-align: center;">Linked to job scope, responsibility and accountability</td> <td colspan="2" data-bbox="821 1467 1484 1556" style="text-align: center;">Linked to individual KPI performance</td> </tr> <tr> <td data-bbox="430 1556 758 1713" style="text-align: center;">Base Salary + Fixed Benefits</td> <td data-bbox="821 1556 1141 1713" style="text-align: center;">Short Term Incentives Bonus + Cash Incentive</td> <td data-bbox="1165 1556 1484 1713" style="text-align: center;">Long Term Incentives Shares Option Career enhancement</td> </tr> </table> <p>The long term variable components through shares option and career enhancement within the Group of Companies aims to attract, motivate, retain and reward key employee of requisite quality that increases productivity and profitability of the Group in the long run.</p> <p>Under the Remuneration Policy, claw-back or malus provision exists whereby if it is proved after the grant of variable components to members of the Executive Director and Senior</p>	<b>Fixed</b>	<b>Variable</b>		Linked to job scope, responsibility and accountability	Linked to individual KPI performance		Base Salary + Fixed Benefits	Short Term Incentives Bonus + Cash Incentive	Long Term Incentives Shares Option Career enhancement
<b>Fixed</b>	<b>Variable</b>									
Linked to job scope, responsibility and accountability	Linked to individual KPI performance									
Base Salary + Fixed Benefits	Short Term Incentives Bonus + Cash Incentive	Long Term Incentives Shares Option Career enhancement								

	<p>Management that the bonus and cash incentives were paid erroneously, the Company may in exceptional cases reclaim in full or in part variable components.</p> <p>Variable pay awards may be made subject to adjustment events. At the discretion of Remuneration Committee, such an award may be adjusted before delivery (malus) or reclaimed after delivery (clawback) if an adjustment event occurs.</p> <p>Fees of the Non-Executive Directors and benefits payable to Directors are tabled to the shareholders for approval on an annual basis via the annual general meeting of the Company.</p>	
<b>Explanation :</b> <b>for</b> <b>departure</b>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure :</b>		
<b>Timeframe :</b>		

## 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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Remuneration Committee is made up of (3) Directors whom all are independent and is presently chaired by Mr. Ramanathan A/L Sathiamutty.</p> <p>A copy of the Terms of Reference of the Remuneration Committee is available in the Company's website at <a href="http://www.prestariang.com.my">www.prestariang.com.my</a>.</p> <p>The summary of activities of the Remuneration Committee during the financial year under review is as follows:-</p> <ul style="list-style-type: none"><li>• Reviewed and recommended to the Board on the Proposed Balanced Scorecard and Key Performance Indicators of the President/GCEO for the year 2017;</li><li>• Reviewed the Balance Scorecard/Key Performance Results for the year 2016 for the President/GCEO and A1 C-Suite Level Officers;</li><li>• Reviewed and recommended to the Board on the Proposed salary increment, adjustment and promotion for the year 2017 for the Group;</li><li>• Reviewed and Recommended to the Board on the salary of the President/GCEO and Chief Financial Officer;</li><li>• Reviewed and recommended to the Board on the amount of directors' fees for the financial year ended 31 December 2016.</li></ul> <p>The Remuneration Committee is responsible for recommending the compensation and remuneration packages for the Executive Directors as well as key senior management. In formulating the recommended remuneration packages, the Remuneration Committee has taken into consideration the information prepared by Management and independent consultants based on data of comparable companies.</p>

	<p>The Remuneration Committee from time to time has evaluated the compensation and remuneration packages for the Non-Executive Directors guided by the market rates and benchmarking of similar companies based on the market capitalization and industry whilst taking into consideration Board members' required experiences, competencies, efforts and the scope of the Board's works, including the number of meetings. The directors' remuneration is further determined at levels which would continue to attract and retain high calibre directors.</p> <p>The executive directors do not receive any remuneration for directorships held in the Company and its subsidiaries, while Non-Executive Directors receive remuneration package consisting of the following components:</p> <table border="1" data-bbox="432 622 1342 920"> <thead> <tr> <th data-bbox="432 622 874 674">Fixed</th> <th data-bbox="922 622 1342 674">Variable</th> </tr> </thead> <tbody> <tr> <td data-bbox="432 674 874 920"> <ul style="list-style-type: none"> <li>• Board Fee</li> <li>• Committee Fee</li> <li>• Benefits</li> <li>• Directors and Officers Liability Insurance</li> <li>• Benefits-in-kind e.g. company car</li> </ul> </td> <td data-bbox="922 674 1342 920"> <ul style="list-style-type: none"> <li>• Meeting Allowance</li> <li>• Other Emoluments</li> </ul> </td> </tr> </tbody> </table> <p>The Board, as a whole, determines the remuneration of Non-Executive Directors, with each Director concerned abstaining from any decision with regards to his/her remuneration. The Company pays its Directors the fees will be voted for approval by the shareholders annually during the Annual General Meeting. It was agreed that the following resolutions shall be tabled at the forthcoming Annual General Meeting for the shareholders' approval:-</p> <ul style="list-style-type: none"> <li>• Directors' fees for the financial year ended 31 December 2017; and</li> <li>• Directors' benefits from 16 May 2018 until the next Annual General Meeting.</li> </ul>	Fixed	Variable	<ul style="list-style-type: none"> <li>• Board Fee</li> <li>• Committee Fee</li> <li>• Benefits</li> <li>• Directors and Officers Liability Insurance</li> <li>• Benefits-in-kind e.g. company car</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting Allowance</li> <li>• Other Emoluments</li> </ul>
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<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>					
<p><b>Measure</b> :</p>					
<p><b>Timeframe</b> :</p>					

## 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.

<b>Application</b> :	Applied																																																																																																																						
<b>Explanation</b> :	The details of remuneration of Directors who served during the financial year ended 31 December 2017 are as follows:-																																																																																																																						
<b>on application of the practice</b>	<table border="1"> <thead> <tr> <th colspan="7">Summary of total remuneration of Directors for Financial Year 2017</th> </tr> <tr> <th></th> <th>Directors' fee</th> <th>Salary</th> <th>EPF Contribution</th> <th>Benefit-In-Kind</th> <th>Other Emoluments</th> <th>Total</th> </tr> <tr> <th></th> <th>(RM)</th> <th>(RM)</th> <th>(RM)</th> <th>(RM)</th> <th>(RM)</th> <th>(RM)</th> </tr> </thead> <tbody> <tr> <td colspan="7"><b><u>COMPANY</u></b></td> </tr> <tr> <td colspan="7"><b>Non-Executive Directors</b></td> </tr> <tr> <td>Dato' Mohamed Yunus Ramli bin Abbas</td> <td>97,500</td> <td>-</td> <td>-</td> <td>-</td> <td>8,600</td> <td><b>106,100</b></td> </tr> <tr> <td>Dato' Maznah binti Abdul Jalil</td> <td>65,000</td> <td>-</td> <td>-</td> <td>-</td> <td>64,200</td> <td><b>129,200</b></td> </tr> <tr> <td>Paul Chan Wan Siew</td> <td>65,000</td> <td>-</td> <td>-</td> <td>-</td> <td>86,800</td> <td><b>151,800</b></td> </tr> <tr> <td>Ramanathan A/L Sathiamutty</td> <td>65,000</td> <td>-</td> <td>-</td> <td>-</td> <td>65,600</td> <td><b>130,600</b></td> </tr> <tr> <td>Nik Amlizan binti Mohamed</td> <td>69,572</td> <td>-</td> <td>-</td> <td>-</td> <td>52,200</td> <td><b>121,772</b></td> </tr> <tr> <td><b>Subtotal</b></td> <td><b>362,072</b></td> <td>-</td> <td>-</td> <td>-</td> <td><b>277,400</b></td> <td><b>639,472</b></td> </tr> <tr> <td colspan="7"><b>Executive Director</b></td> </tr> <tr> <td>Dr. Abu Hasan Bin Ismail</td> <td>-</td> <td>70,000</td> <td>9,600</td> <td>50,000</td> <td>10,000</td> <td>139,600</td> </tr> <tr> <td>Mohd Arif Bin Ibrahim <i>#1 January 2017 – 17 January 2017</i></td> <td>-</td> <td>27,968</td> <td>3,488</td> <td>-</td> <td>1,097</td> <td>32,553</td> </tr> <tr> <td><b>Subtotal</b></td> <td>-</td> <td><b>97,968</b></td> <td><b>13,088</b></td> <td><b>50,000</b></td> <td><b>11,097</b></td> <td><b>172,153</b></td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>362,072</b></td> <td><b>97,968</b></td> <td><b>13,088</b></td> <td><b>50,000</b></td> <td><b>288,477</b></td> <td><b>811,625</b></td> </tr> </tbody> </table>							Summary of total remuneration of Directors for Financial Year 2017								Directors' fee	Salary	EPF Contribution	Benefit-In-Kind	Other Emoluments	Total		(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	<b><u>COMPANY</u></b>							<b>Non-Executive Directors</b>							Dato' Mohamed Yunus Ramli bin Abbas	97,500	-	-	-	8,600	<b>106,100</b>	Dato' Maznah binti Abdul Jalil	65,000	-	-	-	64,200	<b>129,200</b>	Paul Chan Wan Siew	65,000	-	-	-	86,800	<b>151,800</b>	Ramanathan A/L Sathiamutty	65,000	-	-	-	65,600	<b>130,600</b>	Nik Amlizan binti Mohamed	69,572	-	-	-	52,200	<b>121,772</b>	<b>Subtotal</b>	<b>362,072</b>	-	-	-	<b>277,400</b>	<b>639,472</b>	<b>Executive Director</b>							Dr. Abu Hasan Bin Ismail	-	70,000	9,600	50,000	10,000	139,600	Mohd Arif Bin Ibrahim <i>#1 January 2017 – 17 January 2017</i>	-	27,968	3,488	-	1,097	32,553	<b>Subtotal</b>	-	<b>97,968</b>	<b>13,088</b>	<b>50,000</b>	<b>11,097</b>	<b>172,153</b>	<b>TOTAL</b>	<b>362,072</b>	<b>97,968</b>	<b>13,088</b>	<b>50,000</b>	<b>288,477</b>	<b>811,625</b>
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	<b>GROUP</b>						
	<b>Non-Executive Directors</b>						
	Dato' Mohamed Yunus Ramli bin Abbas	109,500	-	-	-	8,600	<b>118,100</b>
	Dato' Maznah binti Abdul Jalil	65,000	-	-	-	64,200	<b>129,200</b>
	Paul Chan Wan Siew	65,000	-	-	-	86,800	<b>151,800</b>
	Ramanathan A/L Sathiamutty	65,000	-	-	-	65,600	<b>130,600</b>
	Nik Amlizan binti Mohamed	69,572	-	-	-	52,200	<b>121,772</b>
	<b>Subtotal</b>	<b>374,072</b>	-	-	-	<b>277,400</b>	<b>651,472</b>
	<b>Executive Director</b>						
	Dr. Abu Hasan Bin Ismail	-	711,200	99,744	50,000	171,600	1,032,544
	Mohd Arif Bin Ibrahim #1 January 2017 – 17 January 2017	-	27,968	3,488	-	1,097	32,553
	<b>Subtotal</b>		<b>739,168</b>	<b>103,232</b>	<b>50,000</b>	<b>172,697</b>	<b>1,065,097</b>
	<b>TOTAL</b>	<b>374,072</b>	<b>739,168</b>	<b>103,232</b>	<b>50,000</b>	<b>450,097</b>	<b>1,716,569</b>
<b>Explanation :</b> <b>for departure</b>							
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>							
<b>Measure :</b>							
<b>Timeframe :</b>							

### 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.

<b>Application</b> :	Applied						
<b>Explanation on application of the practice</b>	The detailed remuneration of the top five key senior management (excluding the President/GCEO which remuneration is disclosed under Practice 7.1) during the financial year ended 31 December 2017 are as follows:-						
	<b>Name</b>	<b>Salary</b>	<b>Bonus</b>	<b>EPF Contribution</b>	<b>Benefit-In-Kind</b>	<b>Other Emoluments</b>	<b>Total</b>
		<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>	<b>(RM)</b>
	Raja Azmi Bin Adam Nadarajan	550,000	-	72,000	15,000	125,691	762,691
	Syed Farad Helmy Alhusaini	344,000	-	46,080	13,333	60,552	463,965
	Abdul Razak Bin Bakrun	393,000	-	48,602	21,000	59,829	522,431
	Hafiza Anom Binti Abdul Hamid	249,720	-	41,392	-	110,983	402,095
	Chok Joon Heng	260,000	-	35,400	-	71,691	367,091
		<b>1,796,720</b>	-	<b>243,474</b>	<b>49,333</b>	<b>428,745</b>	<b>2,518,272</b>
<b>Explanation for departure</b> :							
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>							
<b>Measure</b> :							
<b>Timeframe</b> :							



**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Dato' Mohamed Yunus Ramli Bin Abbas is the Independent Non-Executive Chairman of the Company while Mr. Paul Chan Wan Siew, an Independent Non-Executive Director of the Company is presently Chairman of the Audit Committee. He is also a member of the Malaysian Institute of Accountant.</p> <p>His responsibilities and duties as a member of the Audit Committee are disclosed in the Terms of Reference of the Audit Committee.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Terms of Reference of the Audit Committee indicated that the appointment of a former key audit partner as a member of Audit Committee shall observe a cooling-off period of at least two (2) years before being appointed as a member of Audit Committee.</p> <p>None of the members of the Board were former key audit partners and notwithstanding the above provision and in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as member of Board.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee has adopted performance evaluation of External Auditors.</p> <p>The Audit Committee and Management conducted an annual assessment of the suitability and independence of the external auditors, Messrs. Crowe Horwath, in respect of the financial year under review. The Audit Committee was satisfied with the performance and independence of the External Auditors as well as the fulfillment of criteria based on several factors, including independence of the external auditors, quality of audit review procedures and adequacy of the firm's expertise and its resources to carry out the audit work that they were tasked with.</p> <p>Messrs. Crowe Horwath had also indicated to the Audit Committee that they had been independent throughout the audit engagement in respect of the financial under review.</p> <p>Having considered all the above criteria, the Board had upon recommendation by the Audit Committee, approved the recommendation for the re-appointment of Messrs. Crowe Horwath as External Auditors of the Company for the ensuing year for the shareholders' approval at the forthcoming Annual General Meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Adopted								
<b>Explanation on adoption of the practice</b>	:	<p>The Terms of Reference of the Audit Committee states that the Audit Committee shall comprise majority Independent Directors.</p> <p>Notwithstanding the above provision, the current Audit Committee comprise solely of Independent Non-Executive Directors consisting the following members:-</p> <table border="1"><thead><tr><th>Name</th><th>Designation</th></tr></thead><tbody><tr><td>Mr. Paul Chan Wan Siew</td><td>Chairman <i>(Independent Non-Executive Director)</i></td></tr><tr><td>Dato' Maznah Binti Abdul Jalil</td><td>Member <i>(Senior Independent Non-Executive Director)</i></td></tr><tr><td>Mr. Ramanathan A/L Sathiamutty</td><td>Member <i>(Independent Non-Executive Director)</i></td></tr></tbody></table>	Name	Designation	Mr. Paul Chan Wan Siew	Chairman <i>(Independent Non-Executive Director)</i>	Dato' Maznah Binti Abdul Jalil	Member <i>(Senior Independent Non-Executive Director)</i>	Mr. Ramanathan A/L Sathiamutty	Member <i>(Independent Non-Executive Director)</i>
Name	Designation									
Mr. Paul Chan Wan Siew	Chairman <i>(Independent Non-Executive Director)</i>									
Dato' Maznah Binti Abdul Jalil	Member <i>(Senior Independent Non-Executive Director)</i>									
Mr. Ramanathan A/L Sathiamutty	Member <i>(Independent Non-Executive Director)</i>									

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee's effectiveness hinges on a number of factors, including knowledge, experience and commitment of the members; the Audit Committee's leadership, dynamics and chemistry, and their quality interaction with management and internal auditors and external auditors.</p> <p>The members of the Audit Committee collectively have the necessary skills and a wide range of experience and expertise in areas such as accounting and auditing, taxation, finance, information technology and investment.</p> <p>Based on the outcome of the performance assessment on the Audit Committee by the Nomination Committee, The Nomination Committee and Board is satisfied with the performance of the Audit Committee.</p> <p>All the members of the Audit Committee received ongoing training and development as detailed in Practice 2.1.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has overall responsibility for maintaining a system of internal control and risk management that provides a reasonable assurance of effective and efficient operations and compliance with laws and regulations, as well as with internal procedures and guidelines.</p> <p>The Statement on Risk Management and Internal Control furnished in the Annual Report provides an overview of the internal control within the Group during the financial year under review.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board via the Risk Management Committee oversees the risk management of the Group.</p> <p>The Risk Management Committee, with the assistance of the Management, reviews and recommends for the Board's approval on risk management within the Group. The Risk Management Committee also assesses the risk tolerance of the Group in order to safeguard the interest of its stakeholders.</p> <p>In 2017, the Risk Management Committee reviewed in detail the risk exposure of the Sistem Kawalan Imigresen Nasional (SKIN) Project to ensure all necessary risk items are under control.</p> <p>The Statement on Risk Management and Internal Control furnished in the Annual Report provides an overview of the internal control within the Group during the financial year under review.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### 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.

<b>Application</b>	:	Adopted								
<b>Explanation on adoption of the practice</b>	:	<p>The Risk Management Committee is made up of a majority of Non-Executive Directors with the following members:-</p> <table border="1"><thead><tr><th>Name</th><th>Designation</th></tr></thead><tbody><tr><td>Mr. Ramanathan A/L Sathiamutty</td><td>Chairman <i>(Independent Non-Executive Director)</i></td></tr><tr><td>Dr. Abu Hasan Bin Ismail</td><td>Member <i>(President/GCEO)</i></td></tr><tr><td>Mr. Paul Chan Wan Siew</td><td>Member <i>(Independent Non-Executive Director)</i></td></tr></tbody></table> <p>The Risk Management Committee is responsible for reviewing and recommending risk management policies and strategies for the Company. It also assists the Board in fulfilling corporate governance, risk management and statutory responsibilities in order to manage overall risk exposure.</p>	Name	Designation	Mr. Ramanathan A/L Sathiamutty	Chairman <i>(Independent Non-Executive Director)</i>	Dr. Abu Hasan Bin Ismail	Member <i>(President/GCEO)</i>	Mr. Paul Chan Wan Siew	Member <i>(Independent Non-Executive Director)</i>
Name	Designation									
Mr. Ramanathan A/L Sathiamutty	Chairman <i>(Independent Non-Executive Director)</i>									
Dr. Abu Hasan Bin Ismail	Member <i>(President/GCEO)</i>									
Mr. Paul Chan Wan Siew	Member <i>(Independent Non-Executive Director)</i>									

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Acknowledging the need for an effective and independent Internal Audit function as an integral part of the control structure and risk management framework of the Group and the Company, the decision was taken to outsource the Internal Audit activities to KPMG Management and Risk Consulting Sdn. Bhd., a third party service provider.</p> <p>It is the responsibility of the internal auditors to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures.</p> <p>To this end, the functions of the internal auditors are to:</p> <ul style="list-style-type: none"><li>• perform audit work in accordance with the pre-approved internal audit plan;</li><li>• carry out reviews on the systems of internal control of the Group and the Company;</li><li>• review and comment on the effectiveness and adequacy of the existing control policies and procedures; and</li><li>• provide recommendations, if any, for the improvement of the control policies and procedures.</li></ul> <p>The Audit Committee and Board are satisfied with the performance of the internal auditors KPMG Management and Risk Consulting Sdn Bhd, in the provision of outsourced internal audit services to the Group and the Company.</p> <p>During the year under review, the internal auditors completed two (2) audit cycles focused on key controls deployed by the Management in respect of the processes as approved by the Audit Committee:</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has outsourced its internal audit function to KPMG Management &amp; Risk Consulting Sdn Bhd (“KPMG MRC”). The internal audit engagement by KPMG MRC is headed by an Executive Director, namely Ms. Kasturi Nathan. Ms. Kasturi is Fellow Certified Practising Accountant, Australia, a professional member of the Institute of Internal Auditors, Malaysia and a Chartered Accountant (Malaysian Institute of Accountants). Ms Kasturi has accumulated over 20 years of experience in a wide range of governance advisory, risk and internal audit work.</p> <p>There were a total of three (3) personnel which were deployed by KPMG MRC for the internal audit work during the financial year 2017. All the personnel deployed by KPMG MRC are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.</p> <p>The internal audit work was carried out based on KPMG Internal Audit Methodology, which is closely aligned with the International Professional Practices Framework (IPFF) of the Institute of Internal Auditors, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information which signifies a satisfactory conclusion of the internal audit work.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company executes its Investor Relation ("IR") programme following the framework as set out in the IR Policy. The Policy provides comprehensive guides, processes and procedures around for which the programme is structured including corporate disclosures. The approved IR Policy is published in the Company's website.</p> <p>In maintaining the commitment to effective communication with shareholders and stakeholders, the Company adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders and stakeholders.</p> <p>In addition, the Company makes various announcements through Bursa Malaysia, in particular, the timely release of the quarterly results within two (2) months from the close of a particular quarter. Summaries of the quarterly and full year results together with the full announcements are available at the Company's website and Bursa Malaysia's website.</p> <p>Another important medium is initiating dialogues with the shareholders and stakeholders frequently. Media coverage on the Group is initiated at regular intervals to provide wider publicity and improve the understanding of the Group's business.</p> <p>Along with good corporate governance practices, the Company adheres to corporate disclosure policies in providing greater disclosure and transparency through all its communications with its shareholders, investors and the general public. A dedicated section on Corporate Governance which sets out the information on the Company's announcements to the regulators, financial results, the Board Charter and policies, Directors' Code of Ethics and the Company's Annual Reports is available on the Company's website to effectively disseminate information to all shareholders.</p> <p>The Company strives to promote and encourage bilateral communications with its shareholders through participation at its general meetings and also ensures timely dissemination of any information to investors, analysts and the general public.</p>

	<p>The Group and the Company maintain the following website that allows all shareholders and investors access to information about the Group and the Company: <a href="http://www.prestariang.com.my">www.prestariang.com.my</a>.</p> <p>Any further information regarding the Group and the Company may also be obtained from the following persons:</p> <table border="1" data-bbox="572 445 1410 622"> <tr> <td colspan="2">Corporate Governance</td> </tr> <tr> <td>Telephone</td> <td>: 03-8314 8400</td> </tr> <tr> <td>Facsimile</td> <td>: 03-8318 9280</td> </tr> <tr> <td>Email</td> <td>: <a href="mailto:inquiry@prestariang.com.my">inquiry@prestariang.com.my</a></td> </tr> </table>		Corporate Governance		Telephone	: 03-8314 8400	Facsimile	: 03-8318 9280	Email	: <a href="mailto:inquiry@prestariang.com.my">inquiry@prestariang.com.my</a>
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<p><b>Explanation for departure</b></p>	<p>:</p>									
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>										
<p><b>Measure</b></p>	<p>:</p>									
<p><b>Timeframe</b></p>	<p>:</p>									

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 11.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company is not classified as “Large Company”. However, the Company would consider adopting the integrated reporting based on a globally recognised framework in the near future.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Annual Report, which contains the Notice of AGM, was sent to shareholders at least 28 days prior to the date of the meeting to give sufficient time to shareholders to consider the resolutions that will be discussed and decided at the AGM. The Notice of AGM, which sets out the businesses to be transacted at the AGM, was also published in a major local newspaper.</p> <p>The notes to the Notice of AGM also provide detailed explanation for each resolutions proposed to enable shareholders to make informed decisions in exercising their voting rights.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All directors will attend General Meetings and will take any relevant questions addressed to them unless unforeseen circumstances preclude them from attending General Meetings.</p> <p>During the AGM held in 2017, all Directors attended the AGM.</p> <p>The President/GCEO also presented the Group's operating and financial performance for year 2016 during the AGM held in 2017 for the information of the shareholders/proxies present.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Poll voting was adopted at the AGM held in 2017 for all resolutions proposed, where votes were cast by way of voting slips. Share Registrar of the Company, Symphony Share Registrar Sdn. Bhd. was appointed to act as the Poll Administrator and Malaysian Issuing House Sdn Bhd was appointed to act as the Independent Scrutineers to verify the results of the poll voting.</p> <p>The Chairman announced the poll voting results after the same has been verified by the appointed Independent Scrutineer. Poll results are announced on the same day through Bursa Link services.</p> <p>The AGM 2017 was held on 22 May 2017, with the notice being issued on 27 April 2017, a day after the Malaysian Code on Corporate Governance has come into effect. In this regard, the facility for voting in absentia was not available at the AGM 2017.</p> <p>The AGM 2017 was held at Putrajaya Shangri-La Hotel, which was easily accessible to most shareholders.</p> <p>The Company would consider all avenues available, including all the necessary requirements for implementation in the future.</p> <p>Alternative practice: The shareholders can vote by proxy, provided that the proxy shall have been appointed by the shareholder himself or by his duly authorised representative provided further that it is filed at the registered office of the Company at least 48 hours before the AGM.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Company is keen to leverage on technology to facilitate voting in absentia and remote shareholders' participation at general meetings. Measures will be taken to explore the same.

<b>Timeframe</b>	:	Within 3 years	
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**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.*

N/A
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