

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7722
COMPANY NAME : Asia Brands Berhad
FINANCIAL YEAR : 31 March 2021

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 charged with leading and managing the Company in an effective and responsible manner. Each director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed.</p> <p>The Board assumes responsibility in the following areas:</p> <ul style="list-style-type: none">• Review and adopt the business plan and overall strategic directions for the Company and to establish Company goals and ensure that the strategies are in place to achieve them;• Ensure that a comprehensive system of policies and procedures is operative;• Ensure ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles, and the Company's own governing documents and codes of conduct;• Define levels of materiality, reserve specific powers to the Board and delegate other matters with the necessary written authority to management and instituted effective mechanisms that ensure Board responsibility for management performance of its functions;• Be aware of, and commit to, the underlying principles of good governance and that compliance with corporate governance principle is reviewed regularly;• Approve specific financial and non-financial objectives and policies proposed by management relevant to the business;• Ensure that the Company's financial statements are true and fair and conform to any applicable laws and/or regulations;• Review processes for the identification and management of business risk and processes for compliance with key regulatory

	<p>and legal areas and ensure the implementation of appropriate systems to manage risks;</p> <ul style="list-style-type: none"> • Delegate authority for capital expenditure and review investment, capital and funding proposals are reserved for Board approval; • Review succession planning for the Management team and endorse senior executive appointments, organisational changes and high level remuneration issues; • Provide oversight of performance against targets and objectives; • Provide oversight of reporting to shareholders on the direction, governance and performance of the Company as well as other processes that need reporting and other disclosure requirements. • Review the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and • Decide on necessary steps to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and to ensure that such steps are taken.
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 1.2

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

Application	: Applied
Explanation on application of the practice	<p>Dato' Sri Tan Thian Poh was appointed to the Board as the Non-Independent Non-Executive Chairman of the Company on 11 April 2018. He has had a successful career as a respected manufacturer and distributor of textile and apparels for over 30 years. His years of experience has enabled him to provide valuable guidance to the other members of the Board as well as Management.</p> <p>The Chairman engages with Board members, Group Managing Director (GMD), Group Chief Executive Officer, Group Chief Operating Officer, Chief Financial Officer, Management and the Company Secretary to ensure that the Board can perform its responsibilities effectively.</p> <p>The Chairman sets the board agenda and ensures that Board members receive complete and accurate information in a timely manner to enable robust and informed discussions to take place during Board meetings. Given his vast experience in the textile manufacturing sector, he is able to provide effective leadership for the Board to work constructively with Management to formulate strategies as well as address business operations, financial performance and risk management issues. He also sets the direction for the Group to provide effective, transparent and regular communication with stakeholders and ensures that their views are communicated to the Board as a whole.</p> <p>In addition, the Chairman ensures that:</p> <ul style="list-style-type: none">• All Board members upon taking office are fully briefed on the terms of their appointment, time commitment, duties and responsibilities and the business of the Company, including reviewing any specific requests for training. As part of the Board policies, Directors taking up new appointments on any other Boards will also inform the Chairman about their time commitment, and provide assurance about their time commitment to the Company.• The Board maintains effective communication with the GMD and Management, and supports the GMD in engaging with other range of stakeholders such as partners, government and regulators that are applicable to the Group's operations.• The Board members, in line with the provisions of the Main

	<p>Market Listing Requirements and the Malaysian Code on Corporate Governance ensures that every director has the right to the resources, whenever necessary and reasonable for the performance of his duties, at the cost of the listed issuer and in accordance with a procedure to be determined by the board of directors, including but not limited to obtaining full and unrestricted access to any information pertaining to the listed issuer.</p> <p>Details of the responsibilities of the Chairman are set out in the Board Charter of the Company.</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

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>Chairman - Dato' Sri Tan Thian Poh Group Managing Director ("GMD") – Mr. Ng Chin Huat Group Chief Executive Officer ("GCEO") – Mr. Cheah Yong Hock</p> <p>The position of the Chairman, GMD and GCEO are held by three (3) different individuals. There is a clear division of responsibilities between the Chairman, GMD and GCEO to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.</p> <p>The Chairman acts as the leader of the Board and is responsible for overseeing the effective discharge of the Board's supervisory role and facilitating the effective contribution of all Directors.</p> <p>The GMD is responsible for the day-to-day management of the Company with all powers and discretion vested in him, from time to time, by the Board.</p> <p>The GCEO has the responsibility to facilitate business, and have a strategic vision to align the Company, both internally and externally. The GCEO is also responsible for marketing and sales matters that affect or could affect the Group's business.</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

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

Practice 1.4

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

Application :	Applied
Explanation on application of the practice :	<p>The Board is supported by a suitable qualified and competent Company Secretary who has more than 25 years of experience in corporate secretarial practice, with working knowledge across a diverse range of industries and government services. The Company Secretary is a qualified Chartered Secretary under Section 235 of the Companies Act 2016. She is also a member of the Malaysian Institute of Chartered Secretaries and Administrators.</p> <p>Every Director has ready and unrestricted access to the advice and services of the Company Secretary in ensuring the effective functioning of the Board. The Directors are regularly updated and advised by the Company Secretary on new statutory and regulatory requirements issued by regulatory authorities, and its implications to the Company and the Directors in relation to their duties and responsibilities.</p> <p>By virtue of her experience, the Company Secretary has been able to competently provide sound advice to the Board on matters relating to the powers, roles and responsibilities of Directors, compliance with corporate law, securities laws, listing requirements and the Malaysian Code on Corporate Governance.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>Notices of meetings are circulated at least 7 clear days prior to the date of Board and Board Committees meetings except in the case of urgent matters whereby a special meeting is required to be held. The meeting materials are circulated at least five (5) business days in advance of the Board/ Board Committee meetings to allow the Board to have sufficient time and information to review, consider and deliberate on matters so that meaningful deliberation and sound decisions could be made at Board meetings.</p> <p>The meeting papers contain both quantitative and qualitative information and are presented in a manner which is concise and include management reports, minutes of meetings, proposal papers and supporting documents. This will enable Directors to review, consider and, if necessary, obtain further information or research on the matters to be deliberated in order to be properly prepared at the meetings, thereby enabling informed decisions to be made.</p> <p>The deliberations and decisions at Board and Board Committees meetings are properly recorded in the minutes, including matters where Directors abstained from deliberation and/or voting or have dissenting views or significant concerns. The action items identified and highlighted during meetings are conveyed to the Senior Management for their attention and action.</p> <p>Minutes of the meetings are properly recorded and accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter. The Company Secretary will circulate the draft minutes of meetings to the Board/Committee Members for review on a timely basis and thereafter, for confirmation at the next Board/Board Committee meeting.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

There is 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 adopted a Board Charter, which sets out the roles, composition and responsibilities of the Board and which provides guidance on how business is to be conducted in line with best practices and standards of good corporate governance as well as clarity for Directors and Management with regard to the role of the Board and its Committees and serves as a source of reference for Board members.</p> <p>The Board Charter is subject to review from time to time and updated in accordance with the requirements of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. Each of the Board Committees have detailed Terms of References that sets out their scope and authority.</p> <p>The Board Charter as well as the Terms of Reference for Board Committees are available for reference at the Company's website at www.asiabrand.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board observes the Code of Conduct & Ethics ("Code") based on the code of conduct expected of directors of companies as set out in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia, and ensure implementation of appropriate internal systems to support, promote and ensure the compliance of the Directors' Code of Ethics & Conduct. The Code covers the workplace, regulations as well as working with external stakeholders. It includes clear guidance on work culture, disclosure of conflict of interests, fair competition in marketplace, maintaining confidentiality, no gifts policy and practices regarding entertainment.</p> <p>The Directors and employees are expected to behave ethically and professionally at all times and protect and promote the reputation and performance of the Company. The Group communicates its Code to all Directors and employees upon their appointment or employment. These expectations are further reinforced during the regular townhalls which are helmed by the Group Managing Director/Group Chief Executive Officer.</p> <p>Directors and employees of the Group who have access to price sensitive information relating to the Company's listed securities or of other listed issuers which are not available to the public must not deal in such listed securities in line with the Capital Markets and Services Act 2007 which prohibits insider trading. Directors and employees of the Group who do not have access to price-sensitive information mentioned above can deal in the securities of the Company provided that the procedures set out in the Listing Requirements are strictly adhered to. Notices on the closed period for trading in the Company's listed securities are sent to Directors and principal officers on a quarterly basis specifying the timeframe during which the Directors and principal officers are prohibited from dealing in the Company's securities and to comply with relevant requirements governing their trading in securities during closed period. The Board and principal officers are also reminded not to deal in the Company's securities</p>

	<p>when price sensitive information is shared with them on any proposed transactions presented to them.</p> <p>In line with the Company' commitment to the highest standards of integrity and a zero-tolerance approach to bribery and corruption, the Board approved the Group's Anti-Bribery and Anti-Corruption Policy ("Policy") that outlines the overall elements of the Company's integrity and anti-corruption initiatives with measures implemented. To effect the Policy, an Integrity and Governance Unit was established to drive execution of the Group's integrity, governance and anti-corruption initiatives. These initiatives are in line with the Prime Minister's directive and the enforcement of Section 17A of the MACC Act 2009 (Amendment 2018) effective on 1 June 2020 for adequate procedures.</p> <p>The Code and the Policy are available on the Company's website at www.asiabrand.com.my.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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 Company has implemented clear policies and procedures on whistleblowing. The Whistleblowing Policy is published on the Company's website.</p> <p>The Board delegates to the Whistleblowing Committee the responsibility of assisting the Board to protect the interest of the Group and its stakeholders. The Whistleblowing Committee reviews and investigates all complaints received about alleged misconduct, and takes the necessary actions and reports to the Board. The Whistleblowing Committee is guided by written procedures for dealing with complaints lodged by whistleblowers.</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>The Board currently comprises four (4) members and one (1) Alternate Director, out of which, two (2) are Independent Non-Executive Directors (“INED”), that is equivalent to 50% of the composition of the Board. The INEDs are:</p> <p>(i) Mr. Kong Sau Kian; and (ii) Mr. Lim Kim Meng.</p> <p>The composition of the Board is in compliance with the requirements of Paragraph 15.02 of the MMLR of at least 2 directors or 1/3 of the Board are INEDs.</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
Explanation on application of the practice	:	<p>The Board, through the Nomination and Remuneration Committee ("NRC") assesses the independence of each Independent Director using the criteria specified in the MMLR. The Board is of the view that tenure should not be considered in isolation, as other aspects such as character, experience, integrity, competence and time committed to effectively discharge their fiduciary duties should also be factored in determining whether the Director is independent from management and free of any business and other relationship that could materially interfere with or could be perceived to materially interfere with the exercise of the Directors unfettered or independent judgement. The Board also believes that there are significant benefits to be reaped from long-serving Directors given that they have a deep understanding of the Company's needs and direction, whilst ensuring that they remain objective and impartial in the discharge of their duties. Recommendations by the Board and justifications to shareholders will be provided in circumstances where a Director is to remain as an INED despite serving more than nine years.</p> <p>The Company will be seeking its shareholders' approval at the forthcoming AGM for Mr. Kong Sau Kian and Mr. Lim Kim Meng, who were appointed as Independent Directors on 1 March 2011 and would have served as INED for a cumulative term of more than 9 years. Shareholders' approval via ordinary resolutions will be sought to continue to act as INED.</p> <p>The Board, having assessed the independence of KSK and LKY, recommended for them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:</p> <p>(a) they fulfilled the criteria of the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and had expressed their willingness to continue in office as Independent Non-Executive</p>

	<p>Directors of the Company;</p> <p>(b) their vast experience in different professions would enable them to provide the Board with a diverse set of experience, expertise and independent judgement without the influence of the Management;</p> <p>(c) they have served the Company as Independent Directors for a cumulative term of more than nine (9) years during which they had acted in good faith and in the best interests of the Company, exercising their independent judgement during deliberations and decision making during the Company's meetings and was familiar with the Company's business operations; and</p> <p>(d) they have proven to be reliable Independent Directors with their professionalism aptitude and outlook of business perspective, devoted sufficient time and attention to their professional obligations for informed and balance decision making and had also exercised due care during their tenure in the best interests of the Company and the shareholders.</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 4.3 - 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 Nomination and Remuneration Committee (“NRC”) is tasked with the nomination and election process of new directors.</p> <p>The responsibilities of the NRC and the criteria used are as follows:-</p> <ul style="list-style-type: none">• to evaluate the balance of skills, knowledge, experience and diversity of the Board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the NRC shall:-<ul style="list-style-type: none">(i) consider candidates from a wide range of backgrounds;(ii) consider candidates on merit, against objective criteria with due regard for the benefits of diversity on the Board, including gender; and(iii) ensure that once appointed, appointees have enough time available to devote to the position of 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

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

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board acknowledges the recommendation of the Malaysian Code on Corporate Governance in relation to the establishment of boardroom gender diversity policy. However, in the process of selection of Board members, the Company practices non-discrimination in any form, whether based on gender, age, ethnicity or religion as all candidates shall be given fair and square opportunity. When the need arises, the Board would give more weightage on the appointment of female directors and senior management.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	Appointment of Board is recommended by the NRC based on merits, skills and experience required. In searching for suitable candidates, the NRC may receive suggestions from existing Board Members, Management and major shareholders. The NRC is also open to referrals from external sources available, such as industry and professional association, as well as independent search firms. In evaluating potential candidates, the NRC will consider inter-alia, the competency, experience, commitment (including time commitment), contribution and integrity of the candidates, including where appropriate the criteria on assessing the independence of candidates' appointment as Independent Non-Executive Directors.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The NRC is chaired by Mr. Lim Kim Meng, an Independent Director of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 NRC conducted an annual assessment of the Board’s effectiveness as a whole and the contribution of each individual Directors in respect of the financial year ended 31 March 2021 using customised questionnaires to be completed by the Directors. The results of the self-assessment by Directors and the Board’s effectiveness as a whole were tabled to the NRC and the Board for review.</p> <p>The criteria for Director’s evaluation cover areas such as contributions to interaction, roles and responsibilities and quality of input to enhance the Board’s effectiveness. For Board and Board Committee assessment, the criteria include board structure and operations, their roles and responsibilities, succession planning and board governance.</p> <p>The Board having studied the results of the evaluation, was generally satisfied with its current size, composition as well as the mix of skill sets and the independence of its Independent Directors.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board has formalised a procedure to determine the remuneration of Directors and Senior Management. However, the procedure was not published on the Company's website.</p> <p>Though the remuneration framework for the Directors and Senior Management is not published, the Directors' fees and meeting allowance have been reviewed by the NRC and the Board, thereafter, recommended to the shareholders for approval.</p> <p>The remuneration of each Director is reviewed from time to time against market practices. The Board ensures that the level of remuneration is sufficient to attract and retain Directors needed to run the Group successfully. The component part of remuneration has been structured to link rewards to corporate and individual performance for Group Chief Executive Officer whilst Non-Executive Directors' remuneration reflects their experience and level of responsibilities.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied								
Explanation on application of the practice	:	<p>The NRC recommends to the Board, the policy framework and remuneration and benefits extended to the Group Managing Director and Group Chief Executive Officer. Non-Executive Directors' remuneration is a matter to be decided by the Board as a whole, with the Directors concerned abstaining from deliberation and voting in respect of their remuneration.</p> <p>The composition of the NRC is as follows:-</p> <table border="1"> <thead> <tr> <th><u>Name</u></th> <th><u>Designation</u></th> </tr> </thead> <tbody> <tr> <td>Mr. Lim Kim Meng</td> <td>Chairman, Independent Director</td> </tr> <tr> <td>Mr. Kong Sau Kian</td> <td>Member, Independent Director</td> </tr> <tr> <td>Dato' Sri Tan Thian Poh</td> <td>Member, Non-Independent Non-Executive Chairman</td> </tr> </tbody> </table> <p>The Terms of Reference of the NRC is available on the Company's website at www.asiabrand.com.my.</p>	<u>Name</u>	<u>Designation</u>	Mr. Lim Kim Meng	Chairman, Independent Director	Mr. Kong Sau Kian	Member, Independent Director	Dato' Sri Tan Thian Poh	Member, Non-Independent Non-Executive Chairman
<u>Name</u>	<u>Designation</u>									
Mr. Lim Kim Meng	Chairman, Independent Director									
Mr. Kong Sau Kian	Member, Independent Director									
Dato' Sri Tan Thian Poh	Member, Non-Independent Non-Executive Chairman									
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

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 remuneration of the individual Directors is disclosed on a named basis and breakdown into fees, salaries and other emoluments. The breakdown of the remuneration is available in the Company's 2021 Annual Report.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure										
Explanation on application of the practice	:											
Explanation for departure	:	<p>The remuneration of the GMD was disclosed as specified in Practice 7.1 above. The remuneration for the remaining three (3) senior management are as follows:-</p> <table border="1"> <thead> <tr> <th>Range of Remuneration</th> <th>Number of Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM120,000 to RM180,000</td> <td>1</td> </tr> <tr> <td>RM180,001 to RM360,000</td> <td>2</td> </tr> <tr> <td>Above RM360,000</td> <td>-</td> </tr> <tr> <td>Total</td> <td>3</td> </tr> </tbody> </table> <p>The Board has considered this practice and is of the opinion that the disclosure of key senior management's remuneration on a named basis would have adverse effect on the Company's talent retention in the competitive industry. All senior management's remuneration packages are based on their scope of duty and responsibilities.</p> <p>The NRC is of the view that the level of remuneration package of the senior management in respect of the financial year ended 31 March 2021 was fair and reasonable to retain and reward the talents.</p>	Range of Remuneration	Number of Senior Management	RM120,000 to RM180,000	1	RM180,001 to RM360,000	2	Above RM360,000	-	Total	3
Range of Remuneration	Number of Senior Management											
RM120,000 to RM180,000	1											
RM180,001 to RM360,000	2											
Above RM360,000	-											
Total	3											
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>												
Measure	:											
Timeframe	:											

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	Chairman of Audit and Risk Management Committee (" ARMC ") – Mr. Kong Sau Kian, Senior Independent Director Chairman of the Board – Dato' Sri Tan Thian Poh, Non-Independent Non-Executive Chairman
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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The requirement of two (2) years cooling off period for key audit partner is not particularly specified in the Terms of Reference of ARMC. The Board recognises the need to uphold independence.</p> <p>None of the ARMC members were former key audit partners within the cooling-off period of at least (2) two years before being appointed as a member of the AC.</p> <p>The NRC takes into consideration of the above requirement when making consideration of appointment of new ARMC member.</p> <p>The Board will review the Terms of Reference of the ARMC to be in line with the Malaysian Code on Corporate Governance and to specify the policy in the ARMC's Terms of Reference, which requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the ARMC.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The ARMC does not have specific policies and procedures to assess the suitability, objectivity and independence of the external auditors.</p> <p>However, the ARMC undertakes an annual assessment of the suitability and independence of the external auditors. The ARMC meets with the external auditors to discuss their audit plan, audit findings and the Company's financial statements.</p> <p>The key duties and responsibilities of the ARMC relating to external auditors as specified in the ARMC Terms of Reference are as follows:-</p> <ul style="list-style-type: none">• To discuss with the external auditors on their audit plan before the commencement of the annual audit and ensure coordination where more than one audit firm is involved.• To discuss with the external auditors, the problems and reservations arising from the annual audits, including the state of assistance given by employees of the Group to the external auditors, and any matter that the external auditors may wish to discuss (in the absence of management, where necessary).• To discuss with the external auditors on their audit report.• To recommend to the Board, the nomination and appointment of the external auditors, the audit fee, and any other terms of engagement. <p>The ARMC also meets with the external auditors additionally whenever it deems necessary.</p>

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

Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the ARMC, Mr. Kong Sau Kian, is a member of the Malaysian Institute of Accountants, graduated with a Bachelor of Accounting (Honours) degree from the University of Malaya in 1988.</p> <p>The ARMC, as a whole, is financially literate and are able to understand matters under the purview of the ARMC including the financial reporting process.</p> <p>The training programmes attended by the ARMC members is available in the Company's 2021 Annual Report.</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’s primary objective and direction in managing the Group’s principal business risks are to enhance the Group’s ability to achieve its business objective. The risk management framework encompasses the following key elements:-</p> <ul style="list-style-type: none"> • Risks identified were individually assessed and ranked as either extreme, high, medium or low based on their respective magnitude of impact and likelihood of occurrence within the Group; and • Individual risk profiles created from the above assessment were endorsed by the Board and subsequently cascaded to Senior Management of the Group for implementation of action plans required to mitigate or maintain the risk impact of the Group at an acceptable level. 	
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	:	The details of the features of the Company's risk management and internal control framework, and the adequacy and effectiveness of this framework are disclosed in the Company's 2021 Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The internal audit function is independent from the Management and reports directly to the ARMC.</p> <p>The internal audit function provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively. The internal auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the Company's framework in designing, implementing and monitoring its internal control system. An Internal Audit Planning Memorandum, setting out the internal audit work expected to be carried out is tabled to the ARMC.</p> <p>The details of the internal audit function are disclosed in the Company's 2021 Annual Report.</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>The Internal Audit Department is headed by Mr. Yap Seng Heng who holds a Degree in Accounting and has experience in finance and accounting.</p> <p>All personnel of the Internal Audit Department are free from conflict of interest and are independent.</p> <p>The internal audit function is independent of the activities and operations of the Group with the Head of Internal Audit Department reports functionally to the ARMC and administratively to the Chief Financial Officer and/or Finance Manager.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has put in place a Shareholder Communication Policy to facilitate the effective exercise of those rights by ensuring that the Company communicates effectively with its shareholders.</p> <p>This Policy aims to promote effective communication with shareholders and encourage effective participation by shareholders at the Company's general meetings. To ensure a high quality of communication and level of clarity with all investors and other stakeholders, whilst complying with its statutory disclosure obligations, the Company endeavors to provide shareholders with ready and widespread access on a timely basis to matters that affect their investment in the Company; communicate in a clear, accurate and easy to understand manner with investors and other stakeholders.</p> <p>The communication channels for shareholders are as follows:-</p> <p>(i) Corporate Website</p> <p>The Company believes that communicating with shareholders by electronic means, particularly through its website, is an efficient way of disseminating information in a timely and convenient manner. The Company's website (www.asiabrand.com.my) has a dedicated "Investor Relations" section which carries information available to the shareholders.</p> <p>(ii) Shareholders' Meeting</p> <p>Annual general meetings ("AGM") and extraordinary general meetings ("EGM") of the Company are the primary forum for communication with shareholders, where they are encouraged to participate in general meetings or to appoint proxies to attend, speak and vote at meetings for and on their behalf if they are unable to attend the meetings.</p>

	<p>(iii) Shareholders' Enquiries</p> <p>Shareholders and investors may at any time request the Company's public information. The Company provides a designated email address (info@asiabrand.com.my) for shareholders to make inquiries.</p> <p>(iv) Annual Report</p> <p>Annual Report is the key communication channel for all the shareholders. The Annual Report is made easily available to shareholders and other stakeholders in a timely manner. Shareholders can elect to receive a hard copy or an electronic copy of the Annual Report.</p> <p>The Annual Report is available at the Company's website www.asiabrand.com.my.</p> <p>The Shareholders Communication Policy will be reviewed regularly by management to ensure that it reflects the current regulatory, community and investor requirements.</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 11.2

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 is not required to comply with this requirement as it is not a Large Company.</p> <p>Corporate information is disseminated via the Company's website and announcements are published on the website of Bursa Malaysia Securities Berhad. At present, the Board is of the view that the Company's Annual Report is comprehensive enough for stakeholders to make informed decisions.</p> <p>The current Annual Report provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including future prospects. Components such as the Management and Discussion Analysis, Corporate Governance Overview Statement, Statement of Risk Management and Internal Control, as well as the Sustainability Statement, form an integral part of the non-financial information.</p> <p>Once the level of maturity of non-financial reporting practices is adequate and able to comply with global recognised integrated reporting standards, the Company will implement this as soon as it is practicable.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The notice of Annual General Meeting (“AGM”) is dated 30 August 2021, which is 21 days’ notice for holding the Company’s AGM on 21 September 2021. The Management had earlier proposed to hold a physical meeting but had subsequently decided on a fully virtual meeting since it is not certain when the Klang Valley will go into Phase 2 of the National Recovery Plan imposed by the government of Malaysia. The date of AGM is the only available date for the online meeting platform service provider.	
<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 the Directors attended the Forty-Fifth Annual General Meeting held on 26 August 2020 and addressed questions from the shareholders.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company has a relatively small base of shareholders of less than 2,000. The last Annual General Meeting of the Company was held at the Company's head office in Klang, Selangor being an accessible location. All practical efforts are taken to ensure that shareholders are able to participate at general meetings and have the right to appoint proxy holders to attend the meeting on their behalf. As such, the Board has not applied the process of voting in absentia.</p> <p>Nonetheless, the Board is exploring the feasibility of leveraging technology to facilitate voting in absentia and remote shareholders' participation at general meetings, considering amongst others the cost benefit of such facilities, security concerns, etc.</p> <p>Alternate Practice:</p> <p>Shareholders are allowed to appoint proxy(ies)/ representative(s) to attend, speak and vote on his/her behalf. The proxy form is sent to the shareholders together with the notice of general meetings.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
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.

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