

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7195  
**COMPANY NAME** : Comintel Corporation Bhd  
**FINANCIAL YEAR** : January 31, 2019

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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.*

## 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 of Directors is committed to manage the Company and its subsidiaries in line with corporate governance practices as proposed in the Malaysian Code on Corporate Governance 2017 ("the Code") and the Main Market Listing Requirements of the Bursa Securities Malaysia Berhad. The Board firmly believes that corporate accountability complements business practices that will facilitate the achievement of the Company's goals and objectives.</p> <p>The Board continues to implement the recommendations of the Code, which sets out the principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework.</p> <p>The Board is pleased to disclose to the shareholders on the manner in which the Company and its subsidiaries has applied the principles of the Code and the extent to which the Company has complied with the best practices of the Code throughout the financial year ended 31 January 2019.</p> <p>The Board is made up of Directors who have an extensive range of skills, experience and knowledge and who are overall accountable for the corporate governance and strategic direction of the Group and are entrusted to exercise reasonable and due care in employing the Company's resources in the best interests of its shareholders and to safeguard the Company's assets.</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>Tan Sri Dato' Samshuri bin Arshad is the Chairman of the Board for the financial year ended 31 January 2019</p> <p>The Chairman of the Board leads the Board and ensures that the Management is of the highest calibre and has in place, programmes to train and develop the skills of key personnel.</p> <p>.</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 1.3**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Tan Sri Dato' Samshuri bin Arshad, the Independent Non-Executive Chairman leads the Board while the executive management of the Company is led by Mr Leng Keng Hok @ Lim Keng Hock, the Managing Director.</p> <p>The role and responsibilities of the Independent Non-Executive Chairman are distinct and separate from the duties and responsibilities of the Managing Director. The segregation between the duties and responsibilities of the Independent Non-Executive Chairman and the Managing Director to ensure that there is an appropriate balance of role, responsibility and accountability at the Board level.</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

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>The Board is supported by a suitably qualified and competent Company Secretary who provides sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.</p> <p>The Company Secretary attends all the Board Meetings, Board Committees Meeting, General Meetings and any other meetings if needed. She ensures accurate and proper records of the proceedings and resolutions passed are maintained in the statutory records at the registered office of the Company. The Company Secretary must update the Board of the new requirements and, compliance matters and new legislations passed in relation to the affairs of the Company. The Company Secretary is a conduit for the Board and the Management in facilitating timely communication of decisions made and policies set by the Board at the Board Meetings to the Management for implementation. Besides that, she works closely with the Management to ensure that there are timely and appropriate information flows within and to the Board, Board Committees and between the non-executive directors and the Management.</p> <p>The appointment and removal of the Company Secretary must be approved by the Board.</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

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>In order to ensure that the Comcorp Group is efficiently managed, the Board meets at least once on a quarterly basis and additionally as and when required, with a formal schedule of matters specifically reserved for its deliberation and decision.</p> <p>During the financial year under review, six (6) Board meetings were held and where it deliberated and considered a variety of matters affecting the Company's operations including the Group's financial results, business plan and the direction of the Group.</p> <p>The Board is updated on Comcorp Group's affairs at these Board meetings. The Directors are encouraged to obtain information on the Group's activities by consultation with senior management at anytime. This is to ensure and enable the Board members to discharge their duties and responsibilities competently and in an informed manner.</p> <p>Board members are provided with the notice, setting out the agenda and subsequently the comprehensive Board papers in a timely manner prior to Board meetings. This is to ensure and enable the members of the Board to discharge their duties and responsibilities competently and in a well-informed manner. All members of the Board have access to the advice and services of the Company Secretary, and where necessary, independent professional advisers. They also have unlimited access to all information with regard to the activities of the Comcorp Group.</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

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 objectives of the Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles of good corporate governance are applied in all their dealings in respect and on behalf of the Company.</p> <p>This Board Charter is not an “all inclusive” document and should be read as a broad expression of principles. The Board Charter will be reviewed on a periodic basis and may be amended by the Board from time to time.</p> <p>The Board Charter covers the following key areas –</p> <ul style="list-style-type: none"><li>➤ Roles and Responsibilities of the Board, the Individual Directors, the Chairman, the Managing Directors and the Board Committees</li><li>➤ Composition and Board Balance</li><li>➤ Performance of the Board</li><li>➤ Board Meetings</li><li>➤ Remuneration Policy</li><li>➤ Access to Information and Independent Advice</li><li>➤ Financial Reporting</li><li>➤ Interest of Stakeholders</li><li>➤ Conflicts of Interests</li></ul> <p>The Board reserves full decision-making powers on the following matters –</p> <ul style="list-style-type: none"><li>➤ Conflict of interest issues relating to a substantial shareholder or a Director;</li><li>➤ Material acquisitions and disposal of assets not in the</li></ul>

	<p>ordinary course of business;</p> <ul style="list-style-type: none"> <li>➤ Investments in capital projects;</li> <li>➤ Treasuring policies;</li> <li>➤ Risk management policies; and</li> <li>➤ Key human resource issues.</li> </ul> <p>The concise version of Comcorp’s Board Charter is published in our website.</p>	
<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

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 objective of Employee Code of Conduct is to provide and facilitate a mechanism for any reporting individual ("RI") to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse and can be summarised as follows –</p> <ul style="list-style-type: none"> <li>➤ I value and respect others.</li> <li>➤ I foster a Productive, Healthy and Safe Workplace.</li> <li>➤ I am Trustworthy in all transactions, record keeping, reporting and communications.</li> <li>➤ I obey the Law.</li> <li>➤ I protect the Company's Corporate Assets.</li> <li>➤ I avoid Conflicts of Interest.</li> <li>➤ As a People Manager, I set the Standard.</li> <li>➤ I follow Our Code and Policies.</li> <li>➤ I raise Compliance and Ethics Concerns.</li> </ul>
<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**

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>The objective of the Whistle Blowing Policy (“WBP”) is to provide and facilitate a mechanism for any reporting individual (“RI”) to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse.</p> <p>The Chairman and the Audit Committee Chairman are designated and ensure effective implementation of WBP.</p> <p>The WBP is published in the Company’s website and the link for submission of disclosures is embedded in the WBP for access.</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 4.1**

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>For the financial year ended 31 January 2019, the Board comprised of five (5) Directors with one (1) Executive Director, one (1) Independent Non-Executive Director and three (3) Independent Directors. There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The wide spectrum of knowledge, skills and experience of the Board members gave added strength to the leadership which is necessary for the effective stewardship of the Group.</p> <p>The Board recognises the importance and contribution of its Independent Directors. They represent the element of objectivity, impartiality and independent judgement of the Board. This ensures that there is adequate check and balance at the Board level. The three (3) Independent Directors of the Company provide the Board with vast and varied exposure, expertise and broad business and commercial experience.</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 4.2

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 - Annual shareholders' approval for independent directors serving beyond 9 years
<b>Explanation on application of the practice</b>	:	There is an Independent Director who have served for more than twelve (12) years and every year, the Independent Director will signed a Declaration of Independence and the Nomination Committee shall review the said Declaration and recommended the Independent Director to remain as an Independent Director for another year subject to the approval by the shareholder.
<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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	As recommended by the Corporate Code of Governance 2017.

### 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 Nomination Committee comprises of one (1) Independent Non-Executive Director and one (1) Independent Director. The Committee is responsible for proposing and recommending new nominees to the Board as well as directors to fill seats on Board committees, assessing the effectiveness of the Board and the contribution of each individual director on an on-going basis</p> <p>The Nomination Committee makes independent recommendations for appointments to the Board. In making these recommendations, the Nomination Committee assesses the suitability of candidates taking into account the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment and other qualities of the candidates before recommending their appointment to the Board for approval.</p> <p>The NC convened one (1) meeting during the financial year ended 31 January 2019 which was attended by all the members and the key activities carried out are as follows –</p> <ul style="list-style-type: none"><li>(i) Reviewed and assessed the performance and effectiveness of the Board of Directors, the Committees of the Board and the performance of each Director for financial year ended 31 January 2019.</li><li>(ii) Recommended the re-election of directors at the Sixteenth Annual General Meeting (“16<sup>th</sup> AGM”).</li><li>(iii) Recommended the continuing in office of an Independent Director of the Company as she has served as an Independent Director for more than nine (9) years.</li></ul>
<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**

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>	:	Departure	
<b>Explanation on application of the practice</b>	:	At present, there is one woman member on the Board. The Board acknowledge the Code's recommendation of at least 30% women representative in boardroom and will take the necessary measures to comply with the recommendation.	
<b>Explanation for departure</b>	:	The Board is in the process to identify suitable and competent woman to be appointed to the Board.	
<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 4.6**

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>	:	The Company utilise independent sources such as FIDE Forum Directors' Register to identify candidates for proposed appointment other than recommendations from existing Board members.	
<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>	:	The Chairman of the Nomination Committee for the financial year ended 31 January 2019 is an Independent Non-Executive Director whilst the other member is an Independent Director.	
<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>	:	<p>The Board via the Nomination Committee conducts an annual evaluation of the Board Performance by sending out a set of Board Evaluation Questions to all the Directors. Findings were compiled and deliberated during the Nomination Committee Meeting and thereafter, recommendations for improvement together with the findings were reviewed by the Board for further action.</p> <p>All the Board Committees were also evaluated annually by the Board to ensure their performance is up to the standards set/required by all the regulatory authorities.</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 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>	:	The Remuneration Committee is working on the policies and procedures to determine the remuneration of the directors and senior management.
<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 6.2

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>	:	The Board has a Remuneration Committee which is looking into the formulation of the policies and procedures to determine the remuneration of the directors and senior management.	
<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 7.1**

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 on application of the practice</b>	:	The details of the remuneration of the Directors (including benefits-in-kind) of each Director for the financial year ended 31 January 2019 are disclosed on page 29 of 2019 Annual Report.	
<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 7.2**

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>	:	As the Executive Director is also the top five senior management, the details of the remuneration including salary, bonus, benefits-in-kind and other emoluments are disclosed on page 29 of 2019 Annual Report.	
<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>	:	The Chairman of the Audit Committee is an Independent Director and is not the Chairman of the Board.	
<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>For the financial year ended 31 January 2019, the Audit Committee comprised of three (3) members, all of whom are Independent Directors.</p> <p>None of the Audit Committee members were former key audit partners of the Company's external auditors.</p> <p>Will incorporate this 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. In its Terms of Reference.</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 is tasked for assessing the suitability, capabilities and independence of the external auditors and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditor.</p> <p>In its Terms of Reference, the Audit Committee review the external auditors' scope of work, proposed audit fees and audit plan for the financial year and the external auditors' report and their audit findings</p> <p>For the financial year ended 31 January 2019, the Audit Committee met with the external auditor, Messrs RSM Malaysia twice in the absence of the Management.</p> <p>Pursuant to the assessment on the suitability and independence of the external auditors, the Audit Committee made its recommendation to the Board on the re-appointment on the external auditors together with the accompanying audit fees.</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>	:	All members of the Audit Committee are Independent Directors.

## 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 is established by the Board of Directors and it comprised three (3) members as at 31 May 2019, all of whom are Independent Directors.</p> <p>Collectively, the Audit Committee Members have a wide range of skill, knowledge and experience including accounting and corporate works ranging from professional accounting firms, finance and research companies as well as from listed Issuers. Two (2) of the Audit Committee Members are Chartered Accountants and are members of Malaysian Institute of Accountants.</p> <p>With the relevant skills, knowledge and experience, the Audit Committee Members are financially literate and are able to understand, analyse, critically and objectively review, challenge and made recommendations on matters under the purview of the Audit Committee.</p> <p>The profile of each of the Member of the Audit Committee is set out on page 16-17 of the Company 2019 Annual Report.</p> <p>During the financial year ended 31 January 2019, Mr Wong Mun Wai, the Audit Committee Chairman have attended a session entitled "Global Business Insight Series ("GBIS") by Securities Commission, Malaysia.</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 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 of Directors have established an effective risk management and internal control framework. The framework incorporates the process of coordinated risk management that places a greater emphasis on cooperation among departments to manage the organisation's full range of risks as a whole.</p> <p>Thus, Risk Management Units (RMUs) were formed and comprises of two (2) units, namely Manufacturing Unit and System Integration and Maintenance Services Unit. Each unit is headed by the Head of the Department/Division. Their main functions are to assist in identification and quantification of risks and providing suggestions and recommended action plans required to protect the company's interests and increase the probability of achieving its stated goals and objectives.</p> <p>Both RMUs convened four (4) meetings for the financial year ended 31 January 2019 which were attended by all the members. Inherent risk were identified and deliberated and action plans devised to deal with the risks while the existing risks are being reviewed in their respective units.</p> <p>Details of the Group's Risk Management and Internal Control Framework are set out in its Statement on Risk Management and Internal Control which is on pages 32-33 of the Company's Annual Report 2019.</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>	:	Details of the risk management and internal control framework and the adequacy and effectiveness of the framework are disclosed in the Statement on Risk Management and Internal Control of the Company Annual Report 2019.	
<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>	:	Not Adopted
<b>Explanation on adoption of the practice</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 10.1

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>The Board recognised the importance of the internal audit function and the independent status required for it to carry out its functions effectively. The internal audit functions has been outsourced to a professional services firm, Kloo Point Risk Management Services Sdn Bhd, which is tasked with the aim of assisting the Audit Committee in assessing risks, recommend measures to mitigate risks, establish cost effective controls and assess proper governance process.</p> <ul style="list-style-type: none"><li>• The firm has conducted ongoing review of the adequacy and effectiveness of the system of internal control based on the annual audit plan. The audit conducted including reviewing the extent of compliance with the established internal policies and procedures governing the operations of the Group. In undertaking each of the audit assignment, the internal auditor reviewed the risk management procedures with emphasis on major risk areas, performed relevant compliance and substantive audit procedures and reported his findings, recommendations and the response from the management to the Audit Committee in their quarterly reports.</li><li>• The internal auditor has, where necessary follow up on the implementation and satisfactory dispositions of all audit findings and recommendations on all previous audits. Some internal weaknesses were identified during the financial year under review, all of which has been or are being addressed by the management.</li><li>• The internal auditor constantly demonstrated the value of internal audit and the Audit Committee is aware of the skills and experience the internal audit function has and had suggested ways which could add value to the Management as well as providing assurance to the audit committee.</li></ul> <p>Further details of the risk management and internal control framework and the adequacy and effectiveness of the framework are disclosed in the Statement on Risk Management and Internal Control of the Company Annual Report 2019.</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 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>	:	A statement on the Internal Audit Function with the required disclosures is available under the Audit Committee Report in the Company Annual Report 2019.	
<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>Yes, the Board ensured that there is effective, transparent and regular communication with its stakeholders in the following ways –</p> <ol style="list-style-type: none"><li>1. Annual General Meeting</li><li>2. Annual Report</li><li>3. Quarterly Financial Announcements</li><li>4. Announcements on major developments</li><li>5. Investor Relations on the Company's Website</li></ol> <p><b>Annual General Meeting ("AGM")</b> At the AGM, the Chairman invited the Managing Director to present a comprehensive review of the Company's financial performance together with the plans for the next financial year. Shareholders' concerns and queries were addressed while feedbacks and suggestions are noted by the Board and the Management. A summary of the proceedings of the annual general meetings is available at the Company's website.</p> <p><b>Annual Report ("AR")</b> AR are issued at the earliest timeline possible to ensure timely dissemination of information to the shareholders.</p> <p><b>Quarterly Financial Announcements</b> The Board ensure that Financial Results of every quarter are also issued in a timely manner to the shareholders.</p> <p><b>Announcements on major developments</b> Any major developments were disseminated to the stakeholders/shareholders at the earliest timeline possible.</p> <p><b>Investor Relations on the Company's Website</b> Please visit our Company's Website, <a href="http://www.comcorp.com.my">www.comcorp.com.my</a> on the Investor Relations.</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 11.2**

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 do not fulfilled the criteria of “Large Companies”.	
<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>	:	The Notice of the Company's 16 <sup>th</sup> Annual General Meeting was given to the shareholders 31 days prior to the date of the Annual General Meeting.	
<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>	:	Yes, all the Directors attended the Company's 15 <sup>th</sup> Annual General Meeting and other General Meetings.	
<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>	:	The Company's major shareholders are Malaysians while only a small percentage is being held by foreigners.	
<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>	:		

**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.*

Not Applicable
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