

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0192  
**COMPANY NAME** : INTA BINA GROUP BERHAD  
**FINANCIAL YEAR** : December 31, 2017

## OUTLINE:

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

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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>	:	The Board is responsible for the oversight and overall performance of the Group. The Executive Directors are responsible for implementing policies of the Board, overseeing the Group's operations and developing the Group's business strategies whilst the Independent Directors provide independent views, advice and judgement to enable a balanced and unbiased decision-making process in safeguarding shareholders' interest. The Board has also delegated specific responsibilities to the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC"). Their terms of reference are available on the Company's website at <a href="http://www.intabina.com">www.intabina.com</a>
<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>	:	The Chairman, Mr Lim Pang Kiam is an Independent Non-Executive Director and manages the Board by focusing on strategy, governance and compliance. The Chairman leads the Board and is responsible for the effective performance of the Board. He ensures that all relevant issues and quality information to facilitate decision making and effective running of the Group's business are included in the meeting agenda.
<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>	:	The positions of the Chairman and CEO are held by different individuals. The Chairman, Mr Lim Pang Kiam is an Independent Non-Executive Director and manages the Board by focusing on strategy, governance and compliance. The Managing Director, Mr Lim Ooi Joo and assisted by Mr Teo Hock Choon, the Deputy Managing Director, manages the business and operations of the Company and implements the Board's decisions. The distinct and separate roles of the Chairman and Managing Director, with their clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board is supported by qualified and competent name Company Secretaries who facilitate overall compliance with the ACE Market Listing Requirements ("LR") of Bursa Securities and other laws and regulations. Both are qualified to act as company secretary under Section 235(2) of the Companies Act 2016.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.5**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Notice of Board meetings are sent to the Directors via email at least seven (7) working days prior to a meeting. All Directors are provided with an agenda and a set of board papers issued at least 5 business days from the date of Board Meetings so as to ensure that the Directors can appreciate the issues to be deliberated and to obtain further explanations, where necessary, to expedite the decision-making process effectively.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by a Board Charter which sets out the principles governing the Board of Directors of the Company and adopts the principles of good governance and practice in accordance with applicable laws, rules and regulations in Malaysia. The Board Charter also sets out the respective roles and responsibilities of the Board, board committees, individual directors and Management; and issues and decisions reserved for the Board.</p> <p>The Board will periodically review the Board Charter and make any changes whenever necessary. The Board Charter is published on the Company's corporate website at <a href="http://www.intabina.com">www.intabina.com</a>. The Board Charter was last reviewed on 22 August 2017.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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>In discharging its responsibilities, the Board is also guided a Code of Conduct for Directors in the Board Charter whilst the Management and employees are guided by the Code of Conduct and Ethics in the Employees' Handbook which encompass all aspects of its day to day business operations. Directors and employees of the Group are expected to conform and observe an appropriate decorum and behaviour that promote honesty and integrity when engage with both employees and stakeholders.</p> <p>The Board Charter, Code of Ethics, Code of Conduct and Whistle-Blower Policy are periodically reviewed and updated, and are made available for reference on the Group's website at <a href="http://www.intabina.com">www.intabina.com</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has put in place an avenue for employees and stakeholders to report genuine concerns about unethical behaviour, malpractices and illegal acts on failure to comply with regulatory requirements without fear of reprisal. All cases shall be independently investigated and appropriate actions taken where required.</p> <p>The Board Charter, Code of Ethics, Code of Conduct and Whistle-Blower Policy are periodically reviewed and updated, and are made available for reference on the Group's website at <a href="http://www.intabina.com">www.intabina.com</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.1**

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board consists of eight (8) members; comprising one (1) Independent Non-Executive Chairman, one (1) Managing Director, one (1) Deputy Managing Director, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The composition of the Board complies with Rule 15.02 of the AMLR of Bursa Securities and Practice 4.1 of MCGG.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.2**

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Not applicable - No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

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

**Intended Outcome**

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

**Practice 4.4**

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group is an equal opportunity employer and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.5

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board acknowledged the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. The Group is an equal opportunity employer and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.	
		In line with the gender diversity recommended by MCCG, the Board welcomed the appointment of Puan Roshita binti Sahadan on 1 January 2018.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

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

**Practice 4.6**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board as a whole is responsible for recommending suitable candidates for Directorships to the Board. In evaluating potential candidates, the Board through the NC will assess directorship suitability based on objective criteria, including:</p> <ul style="list-style-type: none"> <li>• Qualification;</li> <li>• Required competencies, skills, expertise and experience;</li> <li>• Specialist knowledge or technical skills; • Professionalism and integrity; and</li> <li>• Time commitment to the Company</li> </ul> <p>In searching for suitable candidates, the Board may receive suggestions from existing Board Members, Management, and major shareholders. The Board is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</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 4.7**

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 NC of the Company comprises exclusively of Independent Non-Executive Directors and its composition are as follows:	
		<b>Name</b>	<b>Position</b>
		Mr Yap Yoon Kong	Chairman/Senior Independent Non-Executive Director
		Mr Lim Pang Kiam	Member/Independent Non-Executive Director
		Dato' Sia Thian Sang	Member/Independent Non-Executive 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 conducts an annual assessment to evaluate the effectiveness of the board and the Board Committees as well as the performance of each individual Director through the NC.</p> <p>The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered.</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>	:	<p>The remuneration of Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively.</p> <p>The RC is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend to the Board for their consideration.</p> <p>Non-Executive Directors are paid by way of fixed monthly fees and a meeting allowance for each meeting attended. Individual Director is not allowed to participate in discussion of his/her own remuneration.</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 6.2

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 primary function of the RC is to review the remuneration and recommend to the Board the remuneration packages of all the Directors according to the skills, level of responsibilities, experience and performance of the Directors.  The terms of reference of RC are available for reference at the Company's website at <a href="http://www.intabina.com">www.intabina.com</a>
<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 Directors' remuneration comprising remuneration received/receivable from the Company and subsidiary company respectively in financial year ended 31 December 2017 are disclosed in Page 34 of the Annual Report 2017.
<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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The disclosure of details excess of the above may give rise to recruitment and talent retention, and detrimental to the Group's business interest due to the competitive human resource environment. The Company further believes that the interest of the shareholders will not be prejudiced as results of non-disclosure of the identity and remuneration of the Group's top five (5) senior management personnel who are not Directors.	
		The Board is of the opinion that the transparency and accountability aspects of corporate governance in respect of top five (5) Senior Management's remuneration have been appropriately served by the aggregate remuneration disclosure and disclosed in Page 35 of the Annual Report 2017.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**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 AC Chairman, Mr Yap Yoon Kong is the Senior Independent Non-Executive 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>	:	None of the members of the Board were former key audit partners within the cooling-off period of two (2) years.	
<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>	:	The Audit Committee assesses the suitability and independence of the external auditors on an annual basis. Areas of assessment including amongst others, the external auditor's objectivity and independence, audit fees, size and competency of the audit team, audit strategy, audit reporting and partner involvement. The inputs/opinions from the Company's personnel who had constantly contacted with the external audit team throughout the year would also be used as a tool in the judgement of the suitability of the external auditor.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted								
<b>Explanation on adoption of the practice</b>	:	<p>The Audit Committee ("AC") of the Company comprises all Independent Non-Executive Directors and its composition is as follows:</p> <table><thead><tr><th><b>Name</b></th><th><b>Position</b></th></tr></thead><tbody><tr><td>Mr Yap Yoon Kong</td><td>Chairman/Senior Independent Non-Executive Director</td></tr><tr><td>Mr Lim Pang Kiam</td><td>Member/Independent Non-Executive Director</td></tr><tr><td>Dato' Sia Thian Sang</td><td>Member/Independent Non-Executive Director</td></tr></tbody></table>	<b>Name</b>	<b>Position</b>	Mr Yap Yoon Kong	Chairman/Senior Independent Non-Executive Director	Mr Lim Pang Kiam	Member/Independent Non-Executive Director	Dato' Sia Thian Sang	Member/Independent Non-Executive Director
<b>Name</b>	<b>Position</b>									
Mr Yap Yoon Kong	Chairman/Senior Independent Non-Executive Director									
Mr Lim Pang Kiam	Member/Independent Non-Executive Director									
Dato' Sia Thian Sang	Member/Independent Non-Executive Director									

### 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>	:	The AC Chairman is a member of the Malaysian Institute of Accountants, and thus, fulfilling Rule 15.09(1)(c) of AMLR, which calls for one member of the AC to be a member of a professional accountancy body.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Risk Management Committee ("RMC") was established on 16 April 2016 and comprises a majority of Independent Directors.</p> <p>The primary responsibility and purpose of the RMC is to assist the Board in fulfilling its responsibility with respect to evaluating, reviewing and monitoring the Group's risk management framework and activities on on-going basis. The RMC reports to the Board regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and Management's view on the acceptable and appropriate level of risks faced by the Group.</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>	:	The key features of the Risk Management Framework are presented in the Statement on Risk Management and Internal Control in Page 38 and 39 of the Annual Report 2017.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 9.3 - Step Up

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

<b>Application</b>	:	Adopted												
<b>Explanation on adoption of the practice</b>	:	<p>The Risk Management Committee ("RMC") was established on 16 April 2016 and comprises a majority of Independent Directors. The Composition of the RMC is as follows:</p> <table><thead><tr><th><b>Name</b></th><th><b>Position</b></th></tr></thead><tbody><tr><td>Mr Lim Ooi Joo</td><td>Chairman/Managing Director</td></tr><tr><td>Mr Teo Hock Choon</td><td>Member/Deputy Managing Director</td></tr><tr><td>Mr Yap Yoon Kong</td><td>Member/Senior Independent Non-Executive Director</td></tr><tr><td>Mr Lim Pang Kiam</td><td>Member/Independent Non-Executive Director</td></tr><tr><td>Dato' Sia Thian Sang</td><td>Member/Independent Non-Executive Director</td></tr></tbody></table>	<b>Name</b>	<b>Position</b>	Mr Lim Ooi Joo	Chairman/Managing Director	Mr Teo Hock Choon	Member/Deputy Managing Director	Mr Yap Yoon Kong	Member/Senior Independent Non-Executive Director	Mr Lim Pang Kiam	Member/Independent Non-Executive Director	Dato' Sia Thian Sang	Member/Independent Non-Executive Director
<b>Name</b>	<b>Position</b>													
Mr Lim Ooi Joo	Chairman/Managing Director													
Mr Teo Hock Choon	Member/Deputy Managing Director													
Mr Yap Yoon Kong	Member/Senior Independent Non-Executive Director													
Mr Lim Pang Kiam	Member/Independent Non-Executive Director													
Dato' Sia Thian Sang	Member/Independent Non-Executive Director													

**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>	:	The Group's Internal Audit function is outsourced to a professional services firm which reviews and evaluates the adequacy and effectiveness of the Group's risk management and internal control system and reports directly to the AC. The Internal Auditors conducted independent audit within the Group and reported their findings to the AC during its quarterly 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

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

## Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC conducted annual assessment via questionnaires on the suitability and independence of the Internal Auditors, including their performance, quality of audit process, adequacy of audit scope, independence and non-audit services, taking into consideration the comments of the Management.</p> <p>The results of assessments conducted by the AC which was recommended and approved by the Board, it was concluded that:</p> <ul style="list-style-type: none"> <li>• The outsourced professional internal audit firm, BDO Governance Advisory Sdn Bhd are free from any relationships or conflicts of interest, which could impair their objectivity;</li> <li>• The number of resources in the internal audit firm are qualified and adequate for them to discharge their duties as Internal Auditor for the Group; and</li> <li>• The Group Internal Audit function is carried out in accordance with The International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value and recognizes the importance of timely dissemination of information to shareholders.</p> <p>The release of material information will be made publicly via BursaLink. Members of the public can also obtain the full financial results and the Company's announcements from the Bursa Securities's website.</p> <p>The Company's website at <a href="http://www.intabina.com">www.intabina.com</a> is regularly updated and provides relevant information on the Company which is accessible to the public to make informed investment decision.</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>	:	Not applicable	
		Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**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 Company complied with the requirement to send the Notice of the Annual General Meeting and related circular to its shareholders at least 28 days before the meeting which is beyond Section 316(2) of Companies Act 2016 and Rule 7.15 of AMLR by Bursa Securities which call for a 21-days' notice period for public companies or listed issuers respectively.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Annual General Meetings (“AGM”) is the principal forum for dialogue with shareholders, who are given the opportunity to enquire and seek clarification on the operations and financial performance of the Group. The AGM provides an opportunity for shareholders to raise questions with the Board and Senior Management team, both formal and informal sessions.</p> <p>The 3<sup>rd</sup> AGM in 2018 shall be the first AGM post listing since 25 May 2017. All Directors and the respective Chairs have committed to attend the AGM.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board make announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings to facilitate greater shareholder participation.  The 3 <sup>rd</sup> AGM in 2018 shall be the first AGM post listing since 25 May 2017. The Company will hold its AGM at Holiday Inn Kuala Lumpur Glenmarie which is accessible to its shareholders.
<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>	:	

**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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