

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0192
COMPANY NAME : INTA BINA GROUP BERHAD
FINANCIAL YEAR : December 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.

Application	:	Applied
Explanation on application of the practice	:	<p>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 provides independent views, advices and judgement to enable a balanced and unbiased decision-making process in safeguarding shareholders' interest.</p> <p>The Board has also delegated specific responsibilities to the Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC"). Their terms of reference are available on the Company's website at www.intabina.com.</p> <p>The Board retains full responsibility for the direction and control of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	Our 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.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The positions of the Chairman and CEO are held by different individuals. Our Chairman, Mr Lim Pang Kiam is an Independent Non-Executive Director and manages the Board by focusing on strategy, governance and compliance.</p> <p>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.</p> <p>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.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>(1) The Board is supported by two (2) suitably qualified and competent Company Secretaries who are members of the relevant professional bodies. Both are qualified to act as company secretary under Section 235(2) of the Companies Act 2016.</p> <p>(2) The Company Secretaries provide advice and assist the Board and Committees in achieving good corporate governance by ensuring compliance to statutory laws, legislation, regulatory requirements, listing requirements and other relevant rules and regulations.</p> <p>(3) The Company Secretaries shall also maintain proper statutory records, register and documents for the Group which are essential to assist the Board to achieve, meet and discharge their fiduciary responsibilities in accordance with good corporate governance practice. In addition, the Company Secretaries are also responsible in ensuring proper conduct at the Annual General Meetings, Extraordinary General Meetings, Board Committees' Meeting and any other meetings and the preparation of minutes thereat.</p> <p>(4) All Board member have unrestricted access to the advice and services of the Company Secretaries in relation to the Board's affairs and the Group's business.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">(1) To facilitate the Directors' time planning, the annual meeting calendar is prepared and discussed in advance during Boards meeting. The calendar provides Directors with scheduled dates for Board meetings, Board Committees meetings and Annual General Meeting ("AGM").(2) With the meeting dates fixed in advance, notices and meeting papers are distributed seven (7) days prior to the meetings. This ensures that Directors have full and timely access to information as well as sufficient time to review the information and then discuss and/or deliberate the decision making at the meeting.(3) The Management and other advisers engaged by the Group are invited to attend the meeting to report and/or provide additional information and/or clarification.(4) Information furnished to the Board on an on-going basis includes reports on the financial, business development and regulatory.(5) All Directors have full and unrestricted access to any information pertaining to the Group's affairs. Other information and/or report will also be supplied upon the specific request by the Board to enable them to discharge their duties and responsibilities.(6) All proceedings of Board meetings were minuted by the Company Secretary.<ul style="list-style-type: none">(a) The minutes would be distributed to all Directors on a timely manner and tabled for confirmation at the next meeting; and(b) Signed copies of the minutes were kept in the minutes book maintained by the Company Secretary.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board 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 www.intabina.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>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 www.intabina.com</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The 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 www.intabina.com</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	During the financial year under review, the Board consists of eight (8) members and comprising four (4) Executive Directors and four (4) Independent Non-Executive Directors.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

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

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The tenure of an Independent Director, unless approved by the shareholders for such further period, shall not exceed a cumulative term of nine (9) years.</p> <p>Prior to attaining the stipulated number of years, the Nominating Committee will consider the following and recommend to the Board accordingly:</p> <ul style="list-style-type: none">(a) whether the Independent Director to continue to serve on the Board subject to his re-designation as a Non-Independent Director; or(b) whether to seek shareholders' approval in order to retain him as an Independent Director.

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The 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.</p> <p>The current Board composition reflects a balance of Executive and Independent Non-Executive Directors with a mix of qualified and experienced professionals in the field of construction, banking and finance, accountancy, legal and corporate finance. The combination of different professions and skills will enable an effective deliberation among Board members with objective assessment and insights.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is supportive of gender diversity on the Board and one (1) out of the eight (8) Directors is a female, which testifies to the Group's commitment on gender diversity.</p> <p>Whilst acknowledging the recommendation of the Code on gender diversity, the Board is of the collective opinion that there is no necessity to adopt a formal gender diversity policy presently as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group.</p> <p>The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 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">• Qualification;• Required competencies, skills, expertise and experience;• Specialist knowledge or technical skills;• Professionalism and integrity; and• Time commitment to the Company <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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The current composition of NC comprises of four (4) members, all of whom are Independent Non-Executive Directors. The NC is chaired by Mr Yap Yoon Kong, the Senior Independent Director.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board conducts an annual assessment which 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 through the NC for the financial year ended 2019.</p> <p>The following key aspects were considered in the assessment:</p> <ul style="list-style-type: none">(a) appropriate size, composition, independence, mix of skills and experience within the Board and the Board Committees;(b) clear definition of the Board and Board Committees' roles and responsibilities;(c) the functions of the Board and Board Committees;(d) open communication of information and active participation within Board and Board Committees; and(e) proper discharge of responsibilities and leadership by the Chairman of the Board and Board Committees. <p>All assessments and evaluations carried out will be documented and minuted by the Company Secretary. The results of all assessment and comments by Directors are summarised and deliberated at the NC meeting and thereafter reported to the Board for deliberation.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<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 executive Board members played no part in deciding their own remuneration and the respective Board members have abstained from all discussion pertaining to their remuneration.</p> <p>In the case of the executive Board members, the components of their remuneration package are linked to individual and corporate performance.</p> <p>As for Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities and the onerous challenges in discharging their fiduciary duties.</p> <p>The Directors' fees reflect the broad-based role and responsibilities as well as time commitment to the Group that go with Board membership.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 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.</p> <p>Individual Director is not allowed to participate in discussion of his/her own remuneration. The Board will recommend the Directors' fees and other benefits payable to Directors are to be approved by shareholders at the AGM.</p> <p>The terms of reference of RC are available for reference at the Company's website at www.intabina.com</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied						
Explanation on application of the practice	:	In line with the Code, disclosure of the remuneration of Directors’ of the Group is made on a named basis. Details of the remuneration of each Director for the financial year ended 31 December 2019 are as follows:						
		RM	Salaries	Bonuses	BIK	Fees	Allowances	TOTAL
		Executive Directors						
		Lim Ooi Joo	393,600	180,763	13,325	-	-	587,688
		Teo Hock Choon	354,400	153,511	13,325	-	-	517,236
		Ahmad bin Awi	118,560	30,778	11,100	-	-	160,438
		Chau Yik Mun	259,200	106,203	11,100	-	-	376,503
		Independent Non-Executive Directors						
		Lim Pang Kiam	-	-	-	50,000	4,900	54,900
		Yap Yoon Kong	-	-	-	75,000	4,900	79,900
		Dato’ Sia Thian Sang	-	-	-	45,000	4,900	49,900
		Roshita binti Sahadan	-	-	-	40,000	4,000	44,000
		Explanation for departure	:					
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.								
Measure	:							
Timeframe	:							

Intended Outcome

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

Practice 7.2

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

Application	:	Departure											
Explanation on application of the practice	:												
Explanation for departure	:	<p>The Board is of the view that the disclosure of the Senior Management's remuneration components will not be in the best interest of the Group given the competitive human resources environment as such disclosure may give rise to talent recruitment and retention issue. Also premised on the confidentiality of the remuneration package of our Senior Management, the Board has adopted a disclosure of our Senior Management remuneration in bands of RM50,000 on an unnamed basis.</p> <p>The aggregate remuneration paid to the Senior Management of the Group during the financial year analysed into bands of RM50,000 are as follows:</p> <table border="1"><thead><tr><th>Remuneration Value</th><th>Number of Senior Management</th></tr></thead><tbody><tr><td>RM100,001 - RM150,000</td><td>3</td></tr><tr><td>RM150,001 - RM200,000</td><td>0</td></tr><tr><td>RM201,000 - RM250,000</td><td>2</td></tr><tr><td>RM251,000 - RM350,000</td><td>1</td></tr></tbody></table>		Remuneration Value	Number of Senior Management	RM100,001 - RM150,000	3	RM150,001 - RM200,000	0	RM201,000 - RM250,000	2	RM251,000 - RM350,000	1
Remuneration Value	Number of Senior Management												
RM100,001 - RM150,000	3												
RM150,001 - RM200,000	0												
RM201,000 - RM250,000	2												
RM251,000 - RM350,000	1												
		Not applicable											
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>													
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.											
Timeframe	:	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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The AC is chaired by our Senior Independent Non-Executive Director, Mr Yap Yoon Kong.</p> <p>The Chairman of our Board is Mr Lim Pang Kiam. Therefore, the two positions are held by two different Independent Non-Executive Directors.</p>	
Explanation for departure	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	None of the members of the AC were former key audit partners.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The AC comprises all Independent Non-Executive 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.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">(1) The Chairman and members of the AC possess a wide range of necessary skills to discharge its duties and are financially literate and are able to understand matters under the purview of the AC, as well as the financial reporting process.(2) Mr Yap Yoon Kong, the Chairman of our AC, is a Chartered Accountant and member of Malaysian Institute of Accountants and Institute of Bankers Malaysia. He has vast experience in the field of banking, financial and management accounting, financial analysis, corporate affairs, budgeting and cashflow forecasting and tax planning.(3) The other members of the AC, Mr Lim Pang Kiam is also a Chartered Accountant and member of the Malaysian Institute of Accountants, Chartered Institute of Management Accountants and Chartered Global Management Accountant and has been involved in commercial banking for more than 25 years whilst Dato' Sia Thian Sang has been involved in the legal profession for more than 20 years. Pn Roshita binti Sahadan is a qualified engineer with over 20 years of experience in the project management consultancy industry.(4) The qualification and experience of the individual members are disclosed in the Annual Report 2019.(5) The AC has also sought the external auditor to updates the developments in accounting and governance standards during AC meetings.(6) During AC meetings, the Committee will review the unaudited quarterly result and audited financial statements with the Senior Management with the presence of the external auditor before recommending them for approval by the Board and issuance to stakeholders.(7) The list of trainings/seminars/conferences attended by the members of AC has been disclosed in the Annual Report 2019.

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

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has disclosed the features of its risk management and internal control framework, the adequacy and the effectiveness of this framework are set out in the Statement on Risk Management and Internal Control ("SORMIC") in the Annual Report 2019. The SORMIC which has been reviewed by the external auditor provides an overview of the state of risk management and internal control within the Group governed by the Frameworks.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The Risk Management Committee ("RMC") was established on 16 April 2016 and comprises a majority of Independent Directors.

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Group's Internal Audit function is outsourced to BDO Governance Advisory Sdn Bhd, 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.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

The board should disclose—

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 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">• 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;• 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• 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.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to provide effective, transparent and regular communication with its shareholders and other stakeholders regarding the business, operations and financial performance of the Group to enable them to make informed decisions.</p> <p>Presently the Board and the Senior Management of the Group communicate regularly with its shareholders and other stakeholders through corporate announcement made via Bursa Securities website and the Group's website, www.intabina.com</p> <p>The AGM also serves as a principal forum for dialogue with the shareholders where they will be given the opportunity to seek and clarify any issues on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Group is not categorised as "Large Company" under the Malaysian Code of Corporate Governance and hence, the Company has not adopted the integrated reporting based on globally recognised framework	
		Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	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.

Application	:	Applied	
Explanation on application of the practice	:	The Notice convening the forthcoming 5th AGM of the Company which is scheduled to be held on 25 June 2020 will be sent to the shareholders on 27 May 2020.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	<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>All Directors and the respective Chairs attended the last AGM held on 28 May 2019.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	(1) The Board is of the view that the Group does not have a large number of shareholders to warrant the voting in absentia and the venue of the AGM is located within city area which is easily accessible (2) In view that the Company does not have large number of shareholders, it does not intent to have meetings in remote locations in the future. (3) For the upcoming 5th AGM, the Company will be conducting the AGM fully virtual from the Broadcast Venue at Conference Room of Inta Bina Group Berhad, No. 13, 15 & 17 (1st Floor), Jalan SS 15/8A, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan. (4) Shareholders will be able to go online, participate and vote remotely at the AGM using the Digital Ballot Form Voting.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

**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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