

# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 4995  
**COMPANY NAME** : Versatile Creative Berhad  
**FINANCIAL YEAR** : March 31, 2018

## **OUTLINE:**

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

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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

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

### Intended Outcome

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

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ('the Board') of Versatile Creative Berhad ('VCB' or 'the Company') is committed to exhibit high standards of Corporate governance. In fulfilling its role as stewards of the Company and its subsidiaries (collectively referred to as 'the Group'), the Board is dedicated to discharge its duties with due care, skill and diligence.</p> <p>The key responsibilities of the Directors are as follows:</p> <p>a) Strategy</p> <ul style="list-style-type: none"><li>• Reviewing and adopting the overall strategic plans and programmes for the Company and Group</li><li>• Overseeing and evaluating the conduct of business of the Company and group</li><li>• Monitoring implementation of the strategy plan.</li></ul> <p>b) Oversight of management</p> <ul style="list-style-type: none"><li>• Appointment and removal of directors and company secretary</li><li>• Ensuring succession plans for key individual</li><li>• Ensure adequate resources and manage resources effectively</li><li>• Ensure senior management supplies the Board with information that will help the Board discharge its duties.</li></ul> <p>c) Shareholders</p> <ul style="list-style-type: none"><li>• Facilitating the effective exercise of shareholder's rights</li><li>• Ensuring accountable reporting to shareholders and ensuring that all regulatory requirements are met.</li><li>• Ensure effective communication with shareholders and other stakeholders.</li></ul>

	<p>d) Stakeholders</p> <ul style="list-style-type: none"> <li>• Maximising the shareholder value</li> <li>• Establishing and maintaining environmental, employment and occupational, health and safety policy.</li> </ul> <p>e) Ethics</p> <ul style="list-style-type: none"> <li>• Formulating a code of ethics and conduct to guide its directors and management in practices necessary to maintain confidence in the Company integrity as well as ensuring its compliances.</li> </ul> <p>f) Identification of principal risk</p> <ul style="list-style-type: none"> <li>• Identify/understand the principal risks of all aspects of the Company's business</li> <li>• Ensuring the implementation of appropriate internal controls and mitigation measures</li> </ul> <p>g) Internal control system</p> <ul style="list-style-type: none"> <li>• Reviewing the adequacy and the integrity of management information and internal controls systems of the Company and Group</li> <li>• Ensure that there is a sound framework of reporting on internal controls and regulatory compliance</li> </ul> <p>To ensure the effective discharge of its function and responsibilities, the Board had delegated specific powers and responsibilities of the Board to the relevant Board Committees such as Audit Committee, Nomination Committee, and Remuneration Committee to act on behalf of the Board to oversee the Group's affair.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman, Dato' Lee Kwee Hiang who is an executive member of the Board, has the main role to lead the Board and is responsible for the effective performance of the Board.</p> <p>The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role, as follows :</p> <ul style="list-style-type: none"><li>• providing leadership to the Board, and is responsible for the effectiveness, conduct and governance of the Board, as well as establishing and nominating good corporate governance practices.</li><li>• to ensure an efficient organization and conduct of the Board's function and meetings</li><li>• to facilitate the effective contribution of all Directors at Board meetings</li><li>• to promote constructive and respectful relations between Directors, and between the Board and Management; and</li><li>• to ensure effective communication with shareholders and relevant stakeholders.</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

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>	:	There is a clear division of responsibility between the Chairman and the CEO thus ensuring a balance of power and authority. The role of Chairman and the CEO are clearly defined in the Corporate Governance Overview Statement.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Company appointed 2 qualified Company Secretaries, namely Ms Joanne Toh Joo Ann and Ms Sia Ee Chin, who are responsible for advising the Board on regulatory requirements and corporate governance matters to ensure that the Board discharge their duties and responsibilities effectively.</p> <p>Ms Joanne Toh Joo Ann is a Licensed Secretary by the Companies Commission of Malaysia and Ms Sia Ee Chin is an Associate (ICSA) and Member of the Malaysian Institute of Chartered Secretaries And Administrators. Below is a summary of the relevant activities in FY2017 carried out by the Company Secretaries of the Company</p> <ol style="list-style-type: none"><li>1. Advised the Directors on their roles and responsibilities and provided regular updates on new statutory and regulatory requirements relating to the discharge of the Directors' duties and responsibilities;</li><li>2. Ensured that the Board and the Board Committees function effectively.</li><li>3. Monitored the developments in corporate governance and facilitated the Board's application of the best practices of Malaysian Code on Corporate Governance ("MCCG");</li><li>4. Attended all Board and Board Committees meetings and facilitated board communications;</li><li>5. Ensured that the deliberations and decisions made by the Board and Board Committees are accurately minuted, and the records of the proceedings of the Board and Board Committees meetings are properly kept;</li><li>6. Recorded the Directors' interests disclosures and advised the interested Directors the requirements on restrictions in voting or deliberation on related matters during the meetings; and</li><li>7. Managed processes of the annual shareholder meetings.</li></ol> <p>During the FY2018, the Company secretaries undertaken continuous professional development by attending the following trainings:</p>

	<ul style="list-style-type: none"> <li>• Anatomy of Company under the New Regime of Companies Act, 2016</li> <li>• Managing the Registered Office, Statutory Books, Returns and Other Documents under Companies Act, 2016</li> <li>• Key Offences under Companies Act, 2016 and Role and Responsibilities of Directors and Auditors and Company Secretaries under Companies Act 2016</li> <li>• Bursa Technical Briefing for Company Secretaries of Listed Issuers – Enhancing Standard of Disclosures in Announcements &amp; Circulars to Shareholders.</li> </ul> <p>Ms Joanne Toh Joo Ann and Ms Sia Ee Chin resigned on 03 September. The Company then appointed 2 qualified Company Secretaries, namely Vimalraj A/L Shanmugam and Tan Tong Lang to replaced Ms Joanne Toh Joo Ann and Ms Sia Ee Chin. Vimalraj A/L Shanmugam and Tan Tong Lang are the Associate (ICSA) and Member of the Malaysian Institute of Chartered Secretaries And Administrators.</p>
<b>Explanation for departure</b> :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	To facilitate the Directors' time planning, the annual meeting calendar is prepared and circulated in advance of each new year. The calendar provides Directors with scheduled dates for meetings of the Board and Board Committees Meeting and also the Annual General Meeting.	
		The notices of meetings and minutes are sent to the Directors via email prior to a meeting. Minutes of meeting and the board papers, containing appropriate and relevant information are furnished to Directors and Board Committee members well before each meeting, as practicable, to permit prior review by members of the board. All members of the board have access to the information and materials of the company and to the advice and services of the Company Secretary for any further information that they may require. The signed board minutes are kept properly in the minutes books by the Company Secretary.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter was adopted by the Board at the 1/2015 Board of Directors’ Meeting held on 23 February 2015.</p> <p>The Board’s roles and responsibilities are documented in the Board Charter which reflects the corporate governance structure and practices of the VCB Group. The Board Charter also outlines, amongst others, the role of the Chairman, the Group Managing Director, Board Committees, the role of the Company Secretary, Board processes and Board functions.</p> <p>Any amendment to the Board Charter would be reviewed and approved by the Board. The Board Charter was last reviewed by the Board on 24 May 2018 and would be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s responsibilities.</p> <p>The Board Charter is available on the Company’s website at <a href="http://www.vc-b.com">www.vc-b.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 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Code of Conduct and Ethics for Directors was formally adopted by the Board at the 1/2015 Board of Directors' Meeting which was held on 23 February 2015.</p> <p>The Code of Conduct and Ethics which was designed to promote the principles of integrity, sincerity, honesty, responsibility, social responsibility and accountability in order to enhance the Group's standard of corporate governance and behaviour. The Directors are obliged to follow the code as it is a way to manifest their commitment to professionalism and integrity.</p> <p>The Code of Conduct and Ethics is available on the Company's website at <a href="http://www.vc-b.com">www.vc-b.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 Group has established and formalised a Whistle Blower Policy to address concerns pertaining to the possibilities of or unlawful conduct involving employees and management personnel of the company. Appropriate procedures has been put in place to implement this policy.</p> <p>Whistle-blowing policy is published on the Company's website at <a href="http://www.vc-b.com">www.vc-b.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>	:	At present, the Board comprises of fourteen Directors with majority of the Board being Independent Directors, as recommended by Practice 4.1 of the MCCG. The Company also fulfils the requirements of at least 1/3 of the Board comprising of independent Directors as stipulated under Paragraph 15.05(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.  The profiles of the Directors are as set out in the Annual Report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.2

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

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

<b>Application</b>	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
<b>Explanation on application of the practice</b>	:	<p>The tenure of an Independent Director (ID) shall not exceed a cumulative term of nine years. However, upon completion of the nine years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval.</p> <p>The Board had via the Nomination Committee carried out annual assessments on the performance and independence of Chan Feoi Chun who had served in the capacity as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years.</p> <p>The Nomination Committee, upon its assessment carried out on 13 June 2018, is satisfied that Chan Feoi Chun had satisfactorily demonstrated that he is independent from the management and free from any business dealing with the Group that could be perceived to interfere in his exercise of independent judgement.</p> <p>Chan Feoi Chun will be seeking shareholders' approval on his re-appointment as Independent Director at the Fifteenth Annual General Meeting of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of diversity in terms of skills, experience, age, cultural background and gender and recognises the benefits of diversity at leadership and employee level.</p> <p>Having a range of diversity dimensions brings different perspectives to the boardroom and to various levels of Management within the Group.</p> <p>The Nomination Committee is responsible to lead the process for the nomination of new Board appointments and making the necessary recommendations. All nominees and candidates to the Board are first considered by the Nomination Committee taking into consideration the following required to effectively discharge his or her role as a director:-</p> <ul style="list-style-type: none"><li>• Qualification;</li><li>• Required competencies, skills, expertise and experience;</li><li>• Specialist knowledge or technical skills;</li><li>• Professionalism and integrity; and</li><li>• Time commitment to the Company.</li></ul> <p>The Nomination Committee will then endorse the nominees and candidates for approval by the Board.</p> <p>On key senior management appointment, candidates are first considered by the Nominating Committee where focus is in their skills set, competencies, experience, integrity and other qualities, prior to recommendation for approval by the Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		



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

### Intended Outcome

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>	:	<p>The Board noted the recommendations of the Code on the establishment of boardroom gender diversity.</p> <p>The Board had yet to adopt specific policies on gender diversity, its targets and measures to meet those targets for the appointment of its Board of Directors.</p> <p>VCB has appointed two female directors to the Board. The Company strives for gender diversity and inclusiveness in the Board. The goal is to have a Board that is gender balanced and to ensure that women are treated on the same basis as men in terms of the Board positions. This goal means having relatively numbers of Board of both genders in the Company, and most importantly, to have women, as well as men in board positions.</p> <p>The Board is in the midst of identifying more new independent director particularly female candidate to be appointed to the Board. Appointment of additional woman to the Board will be made when suitable candidates who can add value to the Board is identified.</p> <p>The Company will also consider conducting regular review of its gender diversity and will take action to rectify gender imbalances in a reasonable and timely manner.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### 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 Nomination Committee is responsible for assessing and recommending to the Board new candidates for appointment and re-appointment of Directors to the Board. When there is a need for new appointment of Directors, selection of candidates to be considered is obtained through recommendations from the Directors and Management or their contacts in related industries, finance, accounting or legal professions. In addition, the Nomination Committee is empowered to utilize independent sources to source for suitably qualified candidates. The Nomination Committee will conduct a review of the candidates to identify suitable candidates before it makes any recommendations to the Board for appointment.</p> <p>The Identification of suitable and qualified candidates for the appointment of Directors is facilitated from various sources, including the recommendations from the Directors, Management and independent sources.</p> <p>The Board is of the opinion that this is beneficial in view of the relatively shorter timeframe to identify competent and suitable candidate for appointment</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee is chaired by an Independent Non-Executive Director, Mr Chan Feoi Chun, who is competent in carrying out the role and responsibilities as Chairman of the NC, and is able to give advice to the Board and to facilitate the Board as a whole.	
<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 Nomination Committee reviews and evaluates the assessment of the performance of individual Directors, the Board as a whole as well as other Committees on an annual basis. The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, Board Committee and as well as the Management performance.</p> <p>The Nomination Committee had on 13 June 2018 reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, including core-competencies of the Directors, the contribution of each individual directors as well as their character, integrity and time commitment, independence of the Independent Director, effectiveness of the Board as a whole, and the Board Committees; and also the retirement of Directors eligible for re-election.</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 board has a remuneration policy and procedure for directors to ensure that the remuneration is appropriately prudent. The board is aware that a fair remuneration is critical to attract, retain and motivate its directors and key senior management employees.</p> <p>The Board delegates to the Remuneration Committee the responsibility to consider and approve the remuneration arrangements for the Directors and Senior Management positions in the Company.</p> <p>The Directors' Remuneration Policies and Procedures and Remuneration Policy for Employees is published on the Company's website at <a href="http://www.vc-b.com">www.vc-b.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 level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has in place a Remuneration Committee which comprises of solely Non-Executive Directors. The composition of the Remuneration Committee is outlined below:</p> <ol style="list-style-type: none"><li>1) Chan Feoi Chun (Independent Non-Executive Director) – Chairman</li><li>2) Dato' Eow Kwan Hoong (Non-Independent Non-Executive Director) – Member</li><li>3) Fathi Ridzuan Bin Ahmad Fauzi (Independent Non-Executive Director) – Member</li><li>4) Dato' Sri Wira Ayub Bin Yaakob (Independent Non-Executive Director) – Member</li></ol> <p>The Remuneration Committee's responsibilities include reviewing the remuneration packages, reward structure and fringe benefits applicable to Board and Senior Management, and making the appropriate recommendations to the Board</p> <p>The Remuneration Committee's Terms of Reference is available on the Company's website at <a href="http://www.vc-b.com">www.vc-b.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

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>	:	Detail disclosure on named basis for the remuneration of individual directors is in the Company's Annual Report. The remuneration breakdown of individual directors includes fees, salary, bonus and other emoluments.
<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 remuneration of the Senior Management of the Company disclosed above is on aggregate basis and in bands instead of on named basis as the Board is of the opinion that the disclosure of the Senior Management's individual remuneration components (salary, fees, bonus, and other emoluments) would not be in the best interest of the Group due to confidentiality and concerns over poaching of these Senior Management by competitors or head hunters; and to support the Group's efforts to attract and to retain executives	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Audit Committee is Chan Feoi Chun, who is an 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 Audit Committee Members were former key audit partners.  The policy on observation of a cooling-off period of at least 2 years for a former key audit partner prior to the appointment as a member of Audit Committee, had been incorporated in the Terms of Reference of the Audit Committee.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee reviews the suitability, objectivity and independence of the external auditor.</p> <p>During the financial year 2018, the Audit Committee met with the external auditor namely, Baker Tilly Monteiro Heng to discuss on the Group's audit plans, audit findings, financial statements, as well as seek their professional advice on other related matters. The Audit Committee also monitored and reviewed the performance and independence of the external auditor and is satisfied with the external auditors' confirmation of their independence and their conduct of the audit which was in compliance with the Approved Standards of Auditing in Malaysia and International Standards of Auditing and compliance with the ethical requirements in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the Internal Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants</p> <p>The Audit Committee had also reviewed the non-audit services provided by the external auditors to the Group during the financial period.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b> :	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 8.5

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 members of the Audit Committee collectively has the necessary skills related to finance, audit, commercial expertise, and accountancy to meet their responsibilities and provide an effective level of challenge to management. The qualification and experience of the individual Audit Committee members are disclosed in the Board of Directors' Profile in the Annual Report.  The Audit Committee members are financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board affirms its overall responsibility for maintaining the Group's systems of internal controls and risk management to safeguard investment, the interest of customers, regulators, employees, and the Group's assets. The Board further recognizes its responsibility in reviewing the adequacy and integrity of these systems.</p> <p>The Board regularly receives and reviews reports on internal control from Internal Auditors of the Company. Other than item disclosed in the Note 9 to the financial statement, the Board is of the view that the system of internal control is adequate to safeguard shareholders' interest and the Group's assets. The role of Management is to implement the Board's policies and guidelines on risks and controls, to identify and evaluate the risks faced, and to operate suitable system of internal controls to manage these risks.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee assists the Board in its responsibilities over the system of internal control. The Internal Auditors assist the Audit Committee with the examination and evaluation on the adequacy of the Internal control function of the Company.</p> <p>The key elements of the Company's system of internal control are disclosed in the Statement on Risk Management and Internal Control in the Annual Report.</p> <p>As part of the Risk Management process, a Registry of Risk and a Risk Management Handbook had been prepared. The Registry of Risk is maintained to identify principal business risks and updated for changes in the risk profile. The Risk Management Handbook summarizes risk management methodology, approach and processes, roles and responsibilities, and various risk management concept. The respective risk owners are accountable to identify risks and to ensure that adequate control systems are implemented to mitigate risks faced by the Group. The process of identifying, evaluating, monitoring and managing risks is embedded in various work processes and procedures of the respective operational functions and management team.</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>	:		
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**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The key features and state of internal control and risk management of the Group are furnished in the Statement on Risk Management and Internal Control in this Annual Report.</p> <p>Regular assessments on the adequacy and integrity of the internal controls and monitoring of compliance with policies and procedures are also carried out through internal audits.</p> <p>In accordance with the Malaysian Code on Corporate Governance, the Group in its efforts to provide adequate and effective internal control system had appointed Sterling Business Alignment Consulting Sdn Bhd (“Sterling”), an independent consulting firm to review the adequacy and integrity of its system of internal control and to oversee the function of internal audit. The independent consulting firm acts as the internal auditor to provide independent and objective reports on the organisation’s management records, accounting policies and controls and reports directly to the Audit Committee..</p> <p>Internal audit reports encompassing the audit finding together with recommendations thereon are presented to the Audit Committee during its quarterly meetings. Senior and functional line management are tasked to ensure management action plans are carried out effectively and regular follow-up audits are performed to monitor the continued compliance.</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>	:		
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### 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>	:	The outsourced internal audit firm, Sterling Business Alignment Consulting Sdn Bhd, is free from any relationships or conflict of interest or undue influence of others to override professional and business judgment, which could impair their objectivity and independence. The independence of the outsourced internal audit firm is derived from its reporting and unencumbered access to the Audit Committee and reports directly and functionally, to the Audit Committee and ultimately to 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 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 values its dialogue and engagement with both institutional shareholders and private investors and recognises the importance of providing timely and equal dissemination of relevant information to them.</p> <p>The Board ensures the Company announces its quarterly results and year-end financial results to Bursa Securities immediately after the Board's approval, to the shareholders to ensure equal and fair access to information by the investing public.</p> <p>The notice of the Fifteenth Annual General Meeting and related papers are sent to shareholders 21 days before the Annual General Meeting. All shareholders are invited and encouraged to attend the Company's Annual General Meeting and to participate in the proceedings and understand their right to appoint a proxy</p> <p>The Board is also of the view that the Annual General Meeting is the principal forum of dialogue with the shareholders and also an avenue for the Chairman and Board members to respond personally to all queries and provide sufficient clarification on issues and concerns raised by the shareholders. The Board would also ensure stakeholders are given the opportunity to speak and seek clarification during the Company's Annual General Meeting, for effective and transparent communication with its stakeholders.</p> <p>The external auditors will be present at the Annual General Meeting to respond to any queries from shareholders on the audit conducted, the preparation and content of the auditors' report, the accounting policies adopted by the Group, and the independent audit review of the Group's financial position.</p> <p>The Group also maintains a corporate website, <a href="http://www.vc-b.com.my">www.vc-b.com.my</a> to disseminate information and enhance its investor relations. All</p>

	timely disclosures, material information and announcements made to Bursa Malaysia are published on the website shortly after the same is released by the Company.	
<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>	:	This is not applicable to the Company as the Company is not a large company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company's Annual General Meeting is scheduled to be convened on 30 September 2018. The Notice of Annual General Meeting has been issued to the shareholders 08 September 2018, 21 days prior to the date of the AGM.	
<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 General Meeting also serves as an avenue for the Chairman and the Board members to engage in a two-way communication with shareholders where the shareholders are encouraged to participate in the question-and-answer session with the Board personally and exercise their right to vote on the proposed resolutions.</p> <p>The Board will ensure that all Board members, particularly the chairperson of each Board Committee will attend general meetings to facilitate engagement with shareholders and to address any relevant questions and concerns raised by the shareholders.</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>	:	<p>The Company holds its Annual General Meeting at Bukit Jalil Golf and Country Resort which is located within Klang Valley and not in a remote location and is accessible to all shareholders.</p> <p>A shareholder of the Company can vote in person or appoint a proxy to attend and vote on his/her behalf. Voting at the Annual General Meeting is by poll and the Company utilises an electronic voting system to expedite the voting and facilitate the tabulation process in a seamless manner.</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>	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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