

CORPORATE GOVERNANCE REPORT

STOCK CODE : HLT 0188
COMPANY NAME : HLT GLOBAL BERHAD (“HLT” or “the Company”)
FINANCIAL YEAR : December 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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("the Board") collectively leads and is responsible for the performance and affairs of the Group, including practising a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.</p> <p>The Board has the responsibility in leading and directing the Group towards realising long term corporate objectives and increasing shareholders' value. The Board retains full and effective control of the Group's strategic plans, implements an appropriate system of risk management and ensures the adequacy and integrity of the Group's system of internal control.</p> <p>Further details on the responsibilities of the Board are set out in the Corporate Governance Overview Statement ("CG Overview Statement") in the Company's Annual Report for the financial year ended 31 December 2018 ("AR 2018").</p> <p>The Board has also delegated certain responsibilities to the following Board Committees to assist in the execution of its responsibilities:</p> <ul style="list-style-type: none">a. Audit Committeeb. Nomination Committeec. Remuneration Committeed. Employees' Share Option Scheme Committee
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 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Independent Non-Executive Chairperson of the Board, Madam Wong Wai Tzing is primarily responsible for the leadership, effectiveness, conduct and governance of the Board.</p> <p>The roles of the Chairperson, amongst others, including the following:</p> <ul style="list-style-type: none">• to lead the Board to perform their duties and responsibilities effectively;• to lead the Board in establishing and monitoring good corporate governance practices in the Company;• to lead in discussion at meetings and ensure efficient and effective conduct of the Board meetings and encouraging active participation and allowing dissenting view to be freely expressed;• to managing interface between the Board and management; and• to facilitate effective communication between the Board and the stakeholders.
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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>Chairperson - Madam Wong Wai Tzing CEO - Madam Chan Yoke Chun</p> <p>The respective roles and responsibilities of the Chairperson and the CEO are governed in the Company's Board Charter.</p> <p>The roles and responsibilities of the Chairperson and CEO are distinct and separate to ensure there is a balance of power and authority.</p> <p>The Chairperson is responsible for the leadership, effectiveness, conduct and governance of the Board.</p> <p>The CEO has overall responsibility for the day to day management of the business and implementation of the Board's policies and decisions. The CEO is accountable to the Board for the overall organisation, management and staffing of the Group as well as the procedures in financial and other matters, including conduct and discipline.</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>The Board is supported by a qualified and competent Company Secretary. She is a member of the Malaysian Association of Companies Secretaries and is holding a professional certificate as qualified Company Secretary under the Companies Act 2016. She possesses over 25 years of experience in corporate secretarial practices.</p> <p>The Board acknowledges that the Company Secretary plays an important role and will ensure that the Company Secretary fulfils the functions for which she has been appointed.</p> <p>The Company Secretary ensures minutes of all meetings are properly recorded and reflected the correct proceedings of meetings.</p> <p>The Company Secretary plays an advisory role in supporting the Board and the Board Committee on issues relating to compliance with laws, rules, procedures and regulations affecting the Company, particularly, Companies Act 2016, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance, Company's Constitution and Board Charter.</p> <p>During the FYE 2018, the Company Secretary had organised the following briefing to keep the Board abreast of the latest development on the governance matters:-</p> <ul style="list-style-type: none">• 19 November 2018 – The New Constitution under the Companies Act 2016
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	:		
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Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>To facilitate the Directors' time planning, the Board and Board Committees' meetings calendar was prepared in advance for each new year by the Company Secretary. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the Annual General Meeting ("AGM"). The closed periods for dealings in securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.</p> <p>The Notice and meeting materials of Board and Board Committees' meetings are sent to the Directors via email at least five (5) working days prior to a meeting. The management and other advisers are invited to attend the meeting to report and brief on their respective areas of responsibility.</p> <p>The deliberations and decision of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes of which are circulated to the Board's or Committee Chairman's review within a reasonable timeframe after the meeting. The meeting minutes accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.</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	:		
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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 Charter was formalised on 4 January 2017 and it was reviewed and revised by the Board on 24 August 2018. The Board Charter is intended to identify the role, structure and processes related to the key governance activities of the Board. It also serves as a reference point for Board activities. It is designed to provide guidance and clarity to Directors and senior management with regards to the roles of the Boards and its Committees, the role of the Chairperson and Executive Directors, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices.</p> <p>The Board Charter will be periodically reviewed and updated to ensure the Board Charter remains consistent with the Board's objectives, current law and practices.</p> <p>The Board Charter is available on the Company's corporate website at www.hltglobal.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established The Code of Ethics and Conduct for all Directors and employees of the Group and the core areas of conduct include the following:-</p> <ul style="list-style-type: none">• Compliance at all times with the Code of Ethics and Conduct and the Board Charter.• Observe high standards of corporate governance at all times.• Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership, including fair dealing and the ethical handling of conflicts of interest.• Not misuse information gained in the course of duties for personal gain or for political purposes.• Uphold accountability and act in good faith and in the best interests of the Company and the Group.• Ensure the protection of the Company's legitimate business interests, including corporate opportunities, assets and confidential information.• Ensure full, fair, accurate, timely and understandable disclosure.• Declaration of any personal, professional or business interests that may conflict with responsibilities. <p>The Board will review the Code of Ethics and Conduct regularly to ensure that it continues to remain relevant and appropriate.</p> <p>The above Code of Ethics and Conduct is incorporated in the Board Charter of the Company and available on the Company's corporate website at www.hltglobal.com.my. The Code of Ethics and Conduct is to be observed by all Directors and employees 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

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 Group has implemented Whistle Blowing Policy on 4 January 2017.</p> <p>The said policy is available on the Company's corporate website at www.hltglobal.com.my.</p> <p>The Whistle Blowing Policy aims to achieve the following:</p> <ul style="list-style-type: none">• To provide avenues for employees to raise genuine concerns or allegation through the appropriate channels upon discovery of possible misconduct.• To encourage and develop a culture of openness, accountability and integrity.• To enable Management to be informed at an early stage about acts of misconduct.• To ensure the protection to individual who reports the concern or allegation in good faith in accordance with the procedures.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Currently, the Board has six (6) members, comprising the following:-</p> <ul style="list-style-type: none"> • one (1) Independent Non-Executive Chairperson; • one (1) Deputy Chairman/Executive Director; • one (1) Executive Director/Chief Executive Officer; • one (1) Executive Director/Chief Financial Officer; • one (1) Independent Non-Executive Director; and • one (1) Non-Independent Non-Executive Director. <p>The Board composition complies with Rule 15.02 of the ACE Market Listing Requirements of Bursa Securities which requires at least one-third (1/3) of the Board comprises Independent Directors.</p> <p>The Independent Non-Executive Directors and the Non-Independent Non-Executive Directors form half of the Board size, make a positive contribution and development of the Company's strategy and policies through independent, constructive and informed comments.</p> <p>The Board and the Nomination Committee ("NC") will continue to identify suitable candidates for appointment to the Board as Independent Directors based on merit, competence and contribution that each potential candidate can bring to further strengthen the Board.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is tasked with the delegated authority of the Boards to evaluate candidates and recommend new appointments to the Board. In this respect, the role of the NC is detailed in its Term of Reference, which is accessible on the Company's corporate website at www.hltglobal.com.my.</p> <p>The Board, through its NC, believes that candidature to the Board should be based on the following:-</p> <ul style="list-style-type: none"> • skills, knowledge, expertise and experience; • professionalism; • integrity; and • in the case of candidates for the position of Independent Non-Executive Directors, the ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors. <p>The profile of directors and senior management as set out in the AR 2018 with the details of skills, experience, age, cultural background and 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 4.5

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	:	In view of the gained attention of boardroom diversity as an important element of a well functioned organisation, the Board has established a Gender Diversity Policy on 24 August 2018 which provides a framework for the Company to improve its gender diversity at Board level. Currently, the Board consists of six (6) Directors and three (3) of them are female Directors, representing 50% of the Board members.	
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 members of the Board are to be appointed in a formal and transparent practice as endorsed by the Code. The NC will scrutinise the candidates and recommend the same for the Board's approval. In discharging this duty, the NC will assess the suitability of an individual by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate can bring to complement the Board.</p> <p>In searching for suitable candidates, the NC may receive suggestions from existing board members, management and major shareholders. The NC is also open to referrals from external sources available, such as industry and professional association, 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 NC is chaired by Mr. Wong Koon Wai, an independent Non-Executive 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>Facilitated by the NC, the Company conducts an annual evaluation to determine the effectiveness of the Board, its Committees and each individual director. The process is carried out via customised assessment forms sent to directors pertaining to the following evaluation:</p> <ul style="list-style-type: none">i. Performance of Executive Directors;ii. Performance of Non-Executive Directors;iii. Independence of the Independent Directors;iv. Performance of the Audit Committee ("AC"); andv. Effectiveness of the Board and Board Committees as a whole. <p>Assessment criteria based on the Key Performance Indicators ("KPI") covers the financial performance and business operations, strategic, operations management and business plans, product development, conformance and compliance, stakeholders' relations, employee training and development, succession planning, attendance, preparation and contribution to the committee meetings and personal input to the role.</p> <p>The assessment forms duly completed by Directors and/or AC were collated by the Company Secretary and tabled to the NC and/or AC for review before tabling the same for the Board's deliberation/notation.</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	:		
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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 Board had, through the Remuneration Committee ("RC"), established a formal and transparent Remuneration Policy on 24 August 2018 to attract and retain Directors and Senior Management of the Company.</p> <p>The Remuneration Policy is available on the Company' corporate website at www.hltglobal.com.my.</p> <p>The Board, through the RC is responsible for determining the remuneration of the Executive Directors and/or Senior Management.</p> <p>The RC reviews the fee and/or remuneration packages of the Directors on annual basis before tabling their recommendation to the Board for further deliberation/approval.</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 RC is principally responsible for assessing and reviewing the remuneration policy and packages for the Directors of the Company. The RC also seeks to ensure that the remuneration packages commensurate with the expected responsibility and contribution by the Directors and subsequently recommending to the Board for adoption.</p> <p>The Terms of Reference of the RC is available on the Company's corporate website at www.hltglobal.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is aware of the best governance practice to disclose the Directors' remuneration details on named basis.</p> <p>The details remuneration of the Non-Executive Directors is disclosed in the CG Overview Statement of the AR 2018.</p> <p>However, the Board is of the opinion that besides confidentiality and personal security concern, the detail disclosure of remuneration of Executive Directors on a named basis may be detrimental to its business interest, given the industry's competitiveness.</p> <p>The remuneration of Directors commensurate with their experience, contribution and commitment in discharging their responsibilities, taken into consideration the Group's performance. Their remuneration packages are reviewed by the RC and endorsed by the Board. Furthermore, all fees, allowances and benefits payable to Non-Executive Directors are subject to shareholders' approval at the AGM.</p> <p>Alternatively, the Board is of the view that the disclosure of Executive Directors' remuneration in bands of RM50,000 on unnamed basis included under the remuneration of key senior management as disclosed in the CG Overview Statement of the AR 2018 is sufficient and has appropriately met the objective of transparency.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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>Due to confidentiality and sensitivity of the remuneration package of key senior management as well as security concerns, the Board is of the view that such disclosure would not be in the best interest of the Company given the competitive human resources environment.</p> <p>The Board believes that the non-disclosure of the information on a named basis the key senior management's remuneration would not affect the interest of the shareholders.</p> <p>As an alternative, the Company disclosed the remuneration of key senior management personnel on unnamed basis in the bands of RM50,000 in the CG Overview Statement of AR 2018.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	The positions of the Chairperson of the Board and the AC Chairman are being held by two different persons. Chairperson of the Board - Madam Wong Wai Tzing, Independent Non-Executive Chairman of the AC - Mr. Wong Koon Wai, Independent Non-Executive	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Terms of Reference of the Audit Committee was reviewed and revised to specify the policy which 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.</p> <p>No former key audit partners of the present auditors have been appointed to the Board.</p> <p>The Terms of Reference of the Audit Committee is available at the Company's corporate website at www.hltglobal.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	<p>The Board had on 20 November 2017 established the External Auditors Assessment Policy ("EA Assessment Policy") together with an annual assessment form. The EA Assessment Policy is to outline the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of the External Auditors.</p> <p>The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.</p> <p>The AC had obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The AC had carried out annual performance assessment of the External Auditors and requested the Executive Directors and Chief Financial Officer to join the assessment.</p> <p>The annual evaluation form provides a checklist for the AC to carry out a formal review of the independence, effectiveness and efficiency of the External Auditors 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

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>All members of the AC have the necessary skills to discharge their duties and are able to understand matters under the purview of the AC. The profiles of the AC members are provided in the AR 2018.</p> <p>All AC members had kept themselves abreast of relevant development in accounting and auditing standards, practices and rules.</p> <p>During the AC Meetings, the members were briefed by the External Auditors, Crowe Malaysia PLT on development or changes in applicable Malaysian Financial Reporting Standards, International Financing Reporting Standards and relevant accounting requirements under the Companies Act 2016.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges its overall responsibility of maintaining a sound system of risk management and internal control, and for reviewing its adequacy and effectiveness. The Board had delegated the responsibility for reviewing the adequacy and effectiveness of the risk management and internal control systems to the AC.</p> <p>The information on risk management and internal control are set out in the Statement on Risk Management and Internal Control in the AR 2018.</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

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 features of the risk management and internal control framework, and the adequacy and effectiveness of this framework is disclosed in the Statement on Risk Management and Internal Control in the AR 2018.	
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

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has on 20 November 2017 established the Internal Auditors Assessment Policy ("IA Assessment Policy") together with an annual assessment form. IA Assessment Policy is to outline the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of the Internal Auditors.</p> <p>The Internal Auditors are precluded from providing any services that may impair their independence or conflict with their role as Internal Auditors.</p> <p>The AC obtained assurance from the Internal Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The AC carried out annual performance assessment of the Internal Auditors and requested the Executive Directors and Chief Financial Officer to join the assessment. The annual evaluation form provides a checklist for the AC to carry out a formal review of the independence, effectiveness and efficiency of the Internal Auditors of the Company.</p> <p>The details of the internal audit function and activities are set out in the Audit Committee Report in the AR 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose—

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group in its efforts to provide adequate and effective internal control system had appointed an independent internal audit service provider, namely Axcelasia Columbus Sdn. Bhd. (“Axcelasia”). Axcelasia acts as the internal auditors and reports directly to the AC of the Company.</p> <p>Mr. Mah Siew Hoong of Axcelasia is the Engagement Director who responsible for the internal audit of the Group. He has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Mr. Mah is a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA).</p> <p>The number of staff deployed for the internal audit reviews ranges from 4 to 5 per visit including the Engagement Director. The staff involved in the internal audit reviews possess professional qualification and/or a university degree.</p> <p>Certain staffs are members of the Institute of Internal Auditors Malaysia. The internal audit staffs on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence, and the internal audit reviews were conducted using risk-based approach and were guided by the International Professional Practice Framework.</p> <p>The AC had on 20 November 2017 approved the Internal Auditors Assessment Policy together with an annual assessment form to review, assess and monitor the performance, suitability and independence of the Internal Auditors.</p>

	<p>The formalised assessment was carried out on 22 February 2019. The AC had evaluated the performance of the Internal Auditors for the FYE 2018 upon such evaluation criteria as set out in its Annual Assessment Form, amongst others, the following were some of the criteria reviewed by the AC:</p> <ul style="list-style-type: none"> a. Adequacy of resources and experience of the internal audit firm; b. Quality processes of the internal audit firm; c. Competency of the engagement team; d. Governance and independence; e. Internal audit fee, scope and planning; and f. Internal audit reports and communications. <p>The AC collectively carried out the assessment with the relevant input from Chief Financial Officer.</p> <p>In conclusion, the AC was of the view that:</p> <ul style="list-style-type: none"> • The Internal Auditors have sufficient experience and resources to satisfy their terms of reference; and • The Internal Auditors have sufficient resources to adequately deliver the quality services to the Group. 	
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 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 Company's ongoing engagement and regular communication with its stakeholders were established through its investor relations function, quarterly results announcements, other announcements on material corporate exercise, general meetings and electronic communications, i.e. website.</p> <p>A Corporate Disclosure Policy was formalised on 4 January 2017 to promote comprehensive, accurate and timely disclosure pertaining to the Company and the Group's matters to regulators, shareholders and stakeholders.</p> <p>Besides, the AGM also serves as the principal forum for direct interaction and dialogue between the shareholders, the Board and the management. The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance and other matters of concern.</p> <p>Shareholders are encouraged to actively participate in the question and answer session. The Board, senior management and the external auditors will be present to answer and provide appropriate clarifications at the meeting.</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 Company is not required to comply with this requirement as it 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>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The notice for convening the forthcoming 4 th AGM of the Company to be held on 30 May 2019 was sent to the shareholders on 30 April 2019, which is more than 28 days before the date of AGM.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	All directors were present at the 3 rd AGM and Extraordinary General Meeting of the Company held on 31 May 2018 and 6 April 2018 respectively to address questions from shareholders. During the proceedings of the 3 rd AGM, the Chairperson invited shareholders to raise questions pertaining to the Company's audited financial statements and other agendas tabled for approval at the meeting.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>This practice is not applicable to the Company in view that the Company does not have a large number of shareholders and that the Company's AGM are not held in remote locations, hence, voting in absentia and remote shareholders' participation are not facilitated.</p> <p>Shareholders are entitled to appoint proxy or corporate representative to vote on their behalf at the general meetings in their absence.</p> <p>The Company always have its general meeting at a venue which is easily accessible. The forthcoming 4th AGM of the Company will be held at Bukit Jalil Golf & Country Resort, Kuala Lumpur.</p> <p>This location is familiar to most shareholders of the Company as the Company last AGM were held at the same venue.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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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