

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0208
COMPANY NAME : Greatech Technology Berhad
FINANCIAL YEAR : December 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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 strategic plan and direction to be pursued by Greatech Technology Berhad ("Company" or "Greatech") and its subsidiaries ("Group") are effectively set by the Board of Directors ("Board") to create value that transcends across the economic, environmental and social spheres. The Board has the authority to approve the annual business plan and budget including the power to review, challenge and ultimately, decide on the workability of management's business proposals and measures of successful implementation.</p> <p>The Board has direct oversight over the management of the Company and has the authority to confer specific powers to Board Committees, Chief Executive Officer ("CEO") and Key Senior Management.</p> <p>The Executive Directors ("ED") together with the Key Senior Management team are responsible for the day-to-day operations of the Group whereby operational issues and problems are discussed, major transactions and matters relating to the Group are reviewed and operational strategies are formulated.</p> <p>Independent Non-Executive Directors ("INED") deliberate and discuss policies and strategies formulated and proposed by Management with a view of taking into account the long-term interests of all stakeholders. The INED provide independent and unbiased view, advice and judgement to ensure a balanced and unbiased decision-making process to safeguard the long-term interests of all stakeholders and the community.</p> <p>Each quarter, the Board will deliberate on the Group's business plan and strategy such as the ensuing matters that have been examined in the Board's meeting:</p> <p>a) Key strategy review of the Company's capital structure;</p>

- b) Allocation of the gross proceeds from a public issue; and
- c) Significant operational issues and potential financial impacts.

To ensure the effectiveness in the discharge of its functions and responsibilities, the Board has established various committees (“Committees”) to assist in leading and directing the Group towards realising its corporate objectives. The Committees are:

- a) Audit and Risk Management Committee (“ARMC”);
- b) Nominating Committee (“NC”); and
- c) Remuneration Committee (“RC”).

The Chairman of each respective Committee reports to the Board on the outcomes of the Committee meetings for the Board’s deliberation and decision.

On the perspective of management, the CEO is assisted by Key Senior Management in working groups such as the Sustainability Working Group (“SWG”) and Executive Risk Management Committee (“ERMC”) which was established in August and November 2019 respectively.

Together with the management, the Board is committed to promote an organisational culture that reflects good corporate governance built on ethics, prudence and professional behaviour.

The prominent role of the Board is to review and adopt a strategic plan for the Company with emphasis on establishing corporate goals that align with long-term value creation in the economic, environmental and social spheres. This blueprint is embedded into Company policies once endorsed by the Board, such as:

- a) Related Party Transaction Policy;
- b) Code of Conduct & Ethics (“COCE”);
- c) Delegation of Authority Policy;
- d) Capital Expenditure Policy;
- e) Investor Relations Policy;
- f) Sustainability Policy; and
- g) Whistleblowing Policy.

Policies such as the Code of Conduct & Ethics as well as the Whistleblowing Policy has been formalised to govern the expected standard that is to be upheld across the board. Both policies are made available on the Company’s website.

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

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The role of the Chairman of the Board, together with the key responsibilities, is inscribed in Part 4.7 of the Board Charter that has been made accessible in the Company's <u>website</u>.</p> <p>The Chairman, charged with leadership of the Board, was appointed amongst the Directors to foster and sustain a high standard of corporate governance whereby Company culture is solidified on accountability, transparency and sustainability in order to ensure that the Board may perform its duties effectively.</p> <p>Quarterly Board meetings are convened and led by the Chairman upon the CEO's review of crucial matters that had been forwarded by various departments of the Group.</p> <p>Additionally, the Chairman has the sole authority to set the Board agenda while ensuring that pertinent and reliable information is disseminated to the Board members in a timely manner.</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 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The role of Chairman and CEO of the Group is distinctive and is presently held by Ms Ooi Hooi Kiang and Mr Tan Eng Kee respectively.</p> <p>The roles of both the Chairman and CEO are clearly defined in the Board Charter, Parts 4.7 and 5.1, and are accessible in the Company's <u>website</u>.</p> <p>Furthermore, the Chairman, together with the Board, has conferred specific authorities to the CEO, effectively creating a structure of accountability whereby the CEO would report on operational aspects critical to the business.</p>	
Explanation for departure	:		
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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 1.4

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 Company is currently outsourcing its corporate secretarial function to Securities Services (Holdings) Sdn. Bhd..</p> <p>At present, the Board is supported by two (2) Company Secretaries namely Ms Thum Sook Fun and Ms Low Seow Wei.</p> <p>In respect to corporate secretarial qualification, both Ms Thum and Ms Low are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") pursuant to Section 235(2) of the Companies Act 2016.</p> <p>The Company Secretaries provides insight to the Board on corporate matters such as:</p> <ul style="list-style-type: none">a) Corporate governance, relevant laws and regulations;b) Due diligence reviews for corporate exercises;c) Restructuring services such as private placements, regulation plans liquidation, take-over offers, initial public offers; andd) Preparation of circulation to shareholders. <p>Assisting in all Board discussions, the Company Secretaries will be the facilitator responsible for recording the minutes on all issues that have been deliberated by the Board.</p> <p>The Company Secretaries keeps abreast of regulations on corporate disclosure, compliance, securities regulations and listing requirements and shall update the Board accordingly as exhibited in the Board Meeting Minutes.</p> <p>The approval to appoint a Company Secretaries is at the discretion of the Board, including the performance evaluation on the discharge of secretarial duties.</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

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>The Company's meeting schedule is circulated at least 7 days prior to the assembly of meetings and is disseminated by the Company Secretaries to ensure that Board meetings are conducted effectively and in a timely manner.</p> <p>In the form of detailed minutes, the Company Secretaries documents all matters and relevant concerns that have been raised for discussion and deliberation during Board and Board Committee meetings.</p> <p>A drafted copy of the meeting minutes is thereafter circulated to Key Principal Officers ("KPO") and relevant parties for further clarification within 2 weeks of a conducted Board meeting. Upon confirmation, a copy will be sent to the Chairman and Board members.</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 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>Articulated in the Board Charter are governance processes such as the composition and role of the Board, including matters reserved for the Board’s decision. The Board Charter also encompasses the duties to be discharged in relation to the Board, Management and shareholder relationships. The key principles and values that govern the Company’s ethos, amongst other particulars, are also laid out in this Board Charter.</p> <p>The Board will conduct a periodic review on the Board Charter and will make necessary amendments to ensure that this primary source of reference remains consistent with the Board objectives in accordance to Part 8 of the Board Charter.</p> <p>The Board had endorsed the Board Charter on 10 June 2019 and this full document is made accessible via the Company’s website.</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 COCE was established and adopted by the Board on 26 August 2019 to instil ethical and integrous business conduct among all levels of the Group's employees. The COCE has been published in the Company's <u>website</u>.</p> <p>The said COCE expounds on best workplace practices in terms of quality of work as well as acceptable conduct in interpersonal dealings. It also defines unacceptable behaviours, among others, that will not be tolerated in the workforce such as abuse of power, discrimination, harassment and corruption. The COCE is also a resource used to call attention to conflicts of interest, confidentiality breaches, insider trading and money laundering scenarios.</p> <p>To reinforce awareness of the COCE, the Group had arranged for targeted trainings that have been conducted in the year, ranging from corporate liability, enterprise risk management, fraud risk management to cyber security and corporate social responsibility.</p> <p>Through the conveyance of the COCE in the forms of trainings, questionnaires and speeches, all the employees of the Group including Directors are made mindful and accountable by means of regular exposure and acknowledgement of participation.</p> <p>The Board expects the Group to be committed in observing good corporate governance practices in line with the COCE.</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 Company has a Whistleblowing Policy (“WP”) set in place to facilitate the reporting of untoward or improper conduct which provides protection to individuals who have allegations to bring forward.</p> <p>In recognising that a proper channel should be established, the Board has adopted the WP on 10 June 2019 to safeguard all employees and other stakeholders of the Group, including any outside agencies or parties who have a business relationship with the Group. Avenues to raise genuine concerns are delineated in the policy such as through contacting immediate superiors or lodging reports to independent channels for more severe cases.</p> <p>Confidentiality of the whistle-blower and the alleged wrongdoer shall be upheld to ensure that both parties are fairly treated and to prevent the Group from potential civil liability. The CEO/Chief Operating Officer (“COO”)/Chairman/Chairman of ARMC has the authority to appoint an Investigating Officer to carry out an investigation on reports of improper conduct.</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 4.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>As of December 2019, the Board comprises of five (5) members, of which three (3) are INED and two (2) are Executive Directors. Greater objectivity in the boardroom is strengthened as the Group has instated an INED as the Chairman of the Board (Ms Ooi Hooi Kiang). Dato' Seri Wong Siew Hai was appointed as an INED of the Company with effect from 8 May 2020.</p> <p>The Independent Directors make up more than half of the Board as recommended by the Malaysian Code on Corporate Governance ("MCCG"). This composition goes beyond mere compliance as prescribed by the ACE Market Listing Requirements ("AMLR").</p> <p>Potential circumstances where conflicts of interest may arise are mitigated through the imposed administration of the Declaration of Interests and Identification of Related Party Transactions ("IRPT") form. Each Independent Director is required to disclose actual or potential conflicts in the IRPT, namely secondary employment, other directorships, interest in other companies, any other vested interests and connected persons.</p> <p>Aside from the CEO, the Directors do not hold the role of a major shareholder in the Company at present.</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 4.2

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	:		
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Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>Under Part 4.10.1 of the Board Charter, the tenure of an Independent Director shall not exceed a cumulative term of 9 years. In the event that the Independent Director extends the period of tenure past the completion of 9 years, justification from the Board as well as approval for shareholders is necessitated.</p> <p>Presently, none of Greatech's Independent Directors have exceeded this limit. Upon the completion of 9 years, the Independent Director may continue to serve on the Board as a re-designated, Non-Independent Director. If, however, the Director is to remain designated as an Independent Director, the Board shall provide justification and obtain shareholders' approval on a year to year basis.</p> <p>The Board will determine whether the independence of a Director has been impaired through a rigorous review in order to have strong reasons to retain as an Independent Director.</p>

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 takes into account that the Company with a good balance in Board composition and Key Senior Management would be able to draw on a wider pool of perspectives and expertise.</p> <p>Greatech is mindful of the benefits to be gained through diversity in skills, experience, age, ethnicity and gender of its existing Directors as well as potential candidates. To assess the capabilities of the Board and Key Senior Management, the Company has established a set of performance criteria used to benchmark and evaluate capabilities of appointed individuals that is carried out on an annual basis.</p> <p>The mix in the existing Board and Key Senior Management as of the time of writing is as follows:</p> <table border="1" data-bbox="453 1064 1465 1240"> <thead> <tr> <th rowspan="2">Category</th> <th colspan="3">Race/Ethnicity</th> <th colspan="2">Nationality</th> </tr> <tr> <th>Bumiputera</th> <th>Chinese</th> <th>Foreign</th> <th>Malaysian</th> <th>Foreigner</th> </tr> </thead> <tbody> <tr> <td>Board</td> <td>1</td> <td>5</td> <td>0</td> <td>6</td> <td>0</td> </tr> <tr> <td>Key Senior Management</td> <td>0</td> <td>4</td> <td>0</td> <td>4</td> <td>0</td> </tr> </tbody> </table> <table border="1" data-bbox="453 1272 1465 1449"> <thead> <tr> <th rowspan="2">Category</th> <th colspan="3">Age</th> <th colspan="2">Gender</th> </tr> <tr> <th><35</th> <th>35 to 45</th> <th>>45</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Board</td> <td>0</td> <td>0</td> <td>6</td> <td>4</td> <td>2</td> </tr> <tr> <td>Key Senior Management</td> <td>0</td> <td>3</td> <td>1</td> <td>3</td> <td>1</td> </tr> </tbody> </table>						Category	Race/Ethnicity			Nationality		Bumiputera	Chinese	Foreign	Malaysian	Foreigner	Board	1	5	0	6	0	Key Senior Management	0	4	0	4	0	Category	Age			Gender		<35	35 to 45	>45	Male	Female	Board	0	0	6	4	2	Key Senior Management	0	3	1	3	1
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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 4.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The disclosure on the particulars of the Board will be communicated in the Annual Report ("AR") 2019. Also, disclosure in the AR 2019 will include the statement of activities that are carried out by the NC.</p> <p>The NC shall make recommendations to the Board on new candidates by paying consideration to the skills, knowledge, education, qualities, expertise, experience, professionalism, integrity, time commitment, contribution and diversity and other factors that best qualifies a nominee to serve on the Board.</p> <p>Furthermore, Greatech's participation of women on the Board is equitable (33%) as seen in the appointment of Ms Ooi Hooi Kiang and Puan Mariamah binti Daud as the Chairman, INED and INED respectively on August 20, 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

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board does not appoint external parties to identify suitably qualified candidates during recruitment process. However, as entailed in the NC Terms of Reference (“TOR”), the NC shall identify and nominate qualified individuals for directorship on the Board upon assessing the effectiveness of the Board as a whole, rather than on the sole basis of recommendations from existing Board members.</p> <p>Together with the insight from the Board, the CEO will source for candidates with the potential to lead as a Director on the Board.</p> <p>The NC, however, will not appoint a person who holds more than 5 directorships in other listed companies in accordance with Rule 15.06 of AMLR.</p> <p>In addition, Part 4.4.5 of the Board Charter specified that the Board should use a variety of approaches and independent sources to ensure that it is able to identify the most suitable candidates. This may include sources like directors’ registry, industry and professional associations, open advertisements; and 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	:	<p>The NC comprises exclusively of INEDs.</p> <p>Presiding as the NC Chairman of the Company as at 20 August 2019, Independent, Non-Executive Director Puan Mariamah binti Daud has been duly entrusted to assess Board effectiveness as a whole.</p> <p>The duties of the Chairman of NC are amongst others, to lead the NC to recommend to the Board, Directors to fill the seats on Board Committees and recommend to the Board in respect of Directors' independence.</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 form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretaries of the Company has assisted the Board in the preparation of the Annual Assessment of the Board and the Annual Assessment of KPO to benchmark the capabilities of appointed Directors and KPO.</p> <p>The said assessment forms were dispatched to all Directors for completion in November 2019.</p> <p>On 24 February 2020, the Company Secretaries tabled the following evaluations findings for the FY2019 to the NC:</p> <ul style="list-style-type: none">(i) the performance of all Directors of the Company as a whole and its various committees of the Company for FY2019;(ii) the performance of the KPO of the Company for FY2019;(iii) the term of office and performance of Audit and Risk Management Committee and each of its members; and(iv) independent status of the Independent Directors of the Company.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

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

Application	: Applied
Explanation on application of the practice	<p>The Company has imposed the Remuneration Policy ("RP"), adopted by the Board on 10 June 2019.</p> <p>The primary objectives of formalising the RP are:</p> <ul style="list-style-type: none">a) Setting out the remuneration principles, guidelines and procedures for the Directors and identified KPO of Greatech;b) Attracting, nurturing and retaining experienced, competent and high calibre members of the Directors and KPO in driving business strategy, objectives, values and long-term interest of the Group;c) Outlining a fair and transparent framework in the development and administration of the remuneration for the Directors and KPO; andd) Establishing a RC to review the underlying remuneration practices, ensuring such practices will attract, motivate and retain high calibre Directors and KPO to deliver values for stakeholders of the Company. <p>The remuneration structure for the Non-Executive Directors ("NED") is designed to reflect the level of experiences and responsibilities as assumed by the directors. The remuneration packages include a fixed sum of directors' fees and meeting allowances, and not by a commission or percentage of profits or turnover. This practice is in line with Rule 7.23 of AMLR. The RC reviewed the emoluments of NED on an annual basis. Such fees will be presented as one of the resolutions at the Company's Annual General Meeting ("AGM"), scheduled to be held on 29 June 2020.</p> <p>On the contrary, the remuneration structure for ED and KPO is developed to ascertain that the Company is able to attract and retain the most qualified Executive Board members and Key Senior Management team. The said structure consists of basic</p>

	<p>salaries, fringe benefits, monetary incentives and statutory contributions. In addition, the Company may consider including incentive payments as a reward to the outstanding contributors.</p> <p>RC reviews and assesses the effectiveness and continued relevance of the RP on a periodical basis. The Company's RP is made available in the Company's <u>website</u> as per the guidance from MCCG Practice 6.1.</p>	
Explanation for departure	:	
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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 6.2

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>In line with the best practice recommended by MCCG under Practice 6.2, the Board has formed its RC, which currently chaired by Ms Ooi Hooi Kiang, a Chairman, INED of the Company. Likewise, the composition of RC comprises only INED.</p> <p>The TOR for the RC was approved by the Board on 10 June 2019, and published on the Company's website.</p> <p>As outlined in the RC TOR, the key responsibilities to be discharged by the RC are:</p> <ul style="list-style-type: none">a) Review, deliberate and recommend the annual salaries, incentive and service arrangements, and other employment condition for the ED;b) Review the on-going appropriateness and relevancy of the RC;c) Review, with the ED when necessary, on their job functions and ensuring remuneration received are matched with performance;d) Review ED's remuneration packages, assuring it remains competitive, upon consideration from the aspect of account performance, market comparisons and industry's competitive pressures;e) Recommend to the Board on the remuneration packages offered to ED and KPO;f) Assure the level of remuneration is adequately attractive and is able to retain the Directors in contributing their expertise and creating value to the Company; and

	g) Ensure disclosure requirements pertaining to the Directors remuneration are adhered and complied.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application :	Applied																																															
Explanation on application of the practice :	<p>In line with the requirement stipulated under Chapter 12, Appendix 9(C) of AMLR, the remunerations of the Directors are disclosed on a named basis in the AR 2019.</p> <p>The remunerations received or to be received by all INED and ED in year 2019 are tabled below:</p> <p><u>a) INED</u></p> <table border="1"> <thead> <tr> <th>Name of INED</th> <th>Directors' Fees RM'000</th> <th>Other allowances RM'000</th> <th colspan="3">Total RM'000</th> </tr> </thead> <tbody> <tr> <td>Ooi Hooi Kiang</td> <td>60</td> <td>4</td> <td colspan="3">64</td> </tr> <tr> <td>Mariamah binti Daud</td> <td>60</td> <td>4</td> <td colspan="3">64</td> </tr> <tr> <td>Ooi Ching Hock</td> <td>60</td> <td>4</td> <td colspan="3">64</td> </tr> </tbody> </table> <p>Dato' Seri Wong Siew Hai was appointed w.e.f. 8 May 2020 and did not receive any compensation for FY2019.</p> <p><u>b) ED</u></p> <table border="1"> <thead> <tr> <th>Name/Designation</th> <th>Salary & Bonus RM'000</th> <th>Fee RM'000</th> <th>Other emoluments RM'000</th> <th>Benefits-in-kind RM'000</th> <th>Total RM'000</th> </tr> </thead> <tbody> <tr> <td>Tan Eng Kee (CEO)</td> <td>938</td> <td>35</td> <td>116</td> <td>24</td> <td>1,113</td> </tr> <tr> <td>Khor Lean Heng (COO)</td> <td>621</td> <td>35</td> <td>75</td> <td>17</td> <td>748</td> </tr> </tbody> </table>						Name of INED	Directors' Fees RM'000	Other allowances RM'000	Total RM'000			Ooi Hooi Kiang	60	4	64			Mariamah binti Daud	60	4	64			Ooi Ching Hock	60	4	64			Name/Designation	Salary & Bonus RM'000	Fee RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000	Tan Eng Kee (CEO)	938	35	116	24	1,113	Khor Lean Heng (COO)	621	35	75	17	748
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<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

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

Practice 7.2

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

Application	:	Departure											
Explanation on application of the practice	:												
Explanation for departure	:	<p>The Board is in the opinion that the disclosure of the Key Senior Management's remuneration on a named basis would not be in its best interest of the Company. Greatech requires highly skilled talents given with its nature of business. In view of the competitive market for talents in the industry, the Company would want to ensure that every effort is made in retaining its talents.</p> <p>As an alternative, the Company disclosed the details of its top four (4) Key Senior Management during the financial year ended 31 December 2019 ("FY2019") on a group basis as below:</p> <table border="1" data-bbox="555 1153 1407 1332"> <thead> <tr> <th>Remuneration (Top 4 Key Senior Management)</th> <th>RM'000</th> </tr> </thead> <tbody> <tr> <td>Salary and other emoluments **</td> <td>838</td> </tr> <tr> <td>Statutory contributions by the Company</td> <td>103</td> </tr> <tr> <td>Benefits-in-kind</td> <td>16</td> </tr> <tr> <td>Total</td> <td>957</td> </tr> </tbody> </table> <p>** Including salary, bonus and allowances chargeable to income tax</p>		Remuneration (Top 4 Key Senior Management)	RM'000	Salary and other emoluments **	838	Statutory contributions by the Company	103	Benefits-in-kind	16	Total	957
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<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>													
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.											
Timeframe	:	Choose an item.											

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>In accordance to Rule 15.10 of AMLR, the Company has appointed Puan Mariamah binti Daud, an INED as the Chairman of the ARMC. She is not the Chairman of the Board.</p> <p>To be in line with the requirement in Practice 8.1 of the MCCG, the TOR of ARMC also reflects that the Chairman of the Committee shall be an INED, appointed from amongst the member of the Committee.</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 8.2

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 Company observed the provisions for cooling-off periods under Provision 290.139 of the By-Laws (on Professional Ethics, Conduct and Practice) published by the Malaysian Institute of Accountants (“MIA”). Greatech does not undermine the independency of its ARMC. For this reason, Section 2.5 of the TOR of ARMC clearly set out that “No former key audit partner shall be appointed as a member of the Committee before observing a cooling-off period of at least two (2) years before being appointed as a member of the Committee”.</p> <p>At present, none of the members of the Board was former key audit partner 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 8.3

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 ARMC assists the Board in assessing, reviewing and supervising the suitability, objectivity, independence and overall performance of the External Auditors ("EAs") – Messrs BDO PLT ("BDO"). On 13 December 2019, the Board has adopted the External Auditors Assessment Policy, which defined the guidelines and procedures to be undertaken by the ARMC in discharging their duties and responsibilities. The said policy is drafted with the guidance from the By-Laws (on Professional Ethics, Conduct and Practice) by the MIA. The policy outlined:</p> <ul style="list-style-type: none">a) The criteria on selection, appointment and removal of EAs;b) Assessing the level of independence of EAs;c) Determining the types of non-audit engagements services provided by the EAs;d) Examining and limiting the fees incurred of non-audit engagements provided by EAs;e) Observing the appointment of former key audit partner as a member of the Committee;f) Rotation of External Audit engagement partner;g) Reviewing the annual audit plan presented by EAs; andh) Annual assessment on the performance and quality of EAs. <p>On 24 February 2020, the ARMC had undertaken an annual assessment of the suitability, objectivity and independence of BDO. The annual evaluation comprises of:</p> <ul style="list-style-type: none">a) Calibre of External Audit Firm;b) Quality processes or performance;c) Audit team;d) Independence and objectivity;

	<p>e) Audit fees; and</p> <p>f) Audit communication.</p> <p>During the presentation of the External Auditor’s report to ARMC on 24 February 2020, BDO has provided written assurance to the Board that they are, and have been, independent throughout the conduct of audit engagement per the terms of all relevant professional and regulatory requirements in respect to the preparation of the audited financial statement for the FY2019.</p> <p>The ARMC was satisfied with the results of the EAs annual performance evaluation, and the overall effectiveness of the external audit process. Additionally, the ARMC is confident that the provision of non-audit services provided by BDO for the FY2019 did not in any way undermine their objectivity and independence as the EAs of the Company.</p> <p>Upon considering the suitability, objectivity, and independence of the EAs – BDO, the ARMC has recommended the re-appointment of BDO for the ensuing year.</p>	
<p>Explanation for departure</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>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted															
Explanation on adoption of the practice	:	The ARMC comprises wholly of INED: <table border="1"><thead><tr><th>Name</th><th>Designation</th><th>Directorship</th></tr></thead><tbody><tr><td>Puan Mariamah binti Daud</td><td>Chairman</td><td>INED</td></tr><tr><td>Ms Ooi Hooi Kiang</td><td>Member</td><td>Chairman, INED</td></tr><tr><td>Mr Ooi Ching Hock</td><td>Member</td><td>INED</td></tr><tr><td>Dato' Seri Wong Siew Hai*</td><td>Member</td><td>INED</td></tr></tbody></table> <p>* Appointed w.e.f. 8 May 2020.</p>	Name	Designation	Directorship	Puan Mariamah binti Daud	Chairman	INED	Ms Ooi Hooi Kiang	Member	Chairman, INED	Mr Ooi Ching Hock	Member	INED	Dato' Seri Wong Siew Hai*	Member	INED
Name	Designation	Directorship															
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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>Pursuant to Rule 15.09(1)(c) of AMLR, the Company has appointed three (3) INED in the ARMC.</p> <table border="1"><thead><tr><th>Name</th><th>Designation</th><th>Directorship</th></tr></thead><tbody><tr><td>Puan Mariamah binti Daud</td><td>Chairman</td><td>INED</td></tr><tr><td>Ms Ooi Hooi Kiang</td><td>Member</td><td>Chairman, INED</td></tr><tr><td>Mr Ooi Ching Hock</td><td>Member</td><td>INED</td></tr><tr><td>Dato' Seri Wong Siew Hai*</td><td>Member</td><td>INED</td></tr></tbody></table> <p>* Appointed w.e.f. 8 May 2020.</p> <p>Ms Ooi Hooi Kiang, is a member of the MIA since 2013. Additionally, she graduated with a Master of Accounting in 1994 from University of Florida, USA. The Company ascertain that the ARMC are financially literate, possess a strong understanding of the Group's business and the industry, and have carried out their duties in accordance with the TOR of the ARMC.</p> <p>Throughout the FY2019, the ARMC was involved in:</p> <ul style="list-style-type: none">a) Review and adoption of the TOR of the ARMC;b) Proposal of the appointment of Internal Auditors ("IAs");c) Review of the draft unaudited interim financial report on consolidated results and recommended the same to the Board for approval;d) Review of related party transaction(s) and recurrent related party transaction(s), if any;e) Review of the Related Party Transaction policy;f) Review of the Enterprise Risk Management ("ERM") framework, policies and procedures; and	Name	Designation	Directorship	Puan Mariamah binti Daud	Chairman	INED	Ms Ooi Hooi Kiang	Member	Chairman, INED	Mr Ooi Ching Hock	Member	INED	Dato' Seri Wong Siew Hai*	Member	INED
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	<p>g) Review of the internal audit report.</p> <p>ARMC understands that it is vital to keep themselves abreast of relevant developments in the financial reporting and corporate landscape. In view of this, the ARMC has attended various training programmes in relevant to the industry developments, covering the areas of audit framework and processes, corporate governance, internal controls and corporate reporting.</p> <p>The Board had assessed the ARMC and their performance through an Evaluation Form on 24 February 2020, which encompass the following respects:</p> <p>a) Quality and composition;</p> <p>b) Skills and competencies; and</p> <p>c) Meeting administration and conduct.</p> <p>The Board is satisfied with the outcome of the assessments and shall continue to assess the effectiveness and performance of its ARMC on an annual basis.</p>	
<p>Explanation for departure</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>Measure</p>	:	
<p>Timeframe</p>	:	

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 understands that it is highly essential to maintain a sound risk management framework and internal control system within the Group to protect the shareholder's interest and safeguarding its assets. Therefore, the Board retains the overall risk management responsibility in identifying principal risks and ensuring a robust system is in place in managing the risks. Nonetheless, the Board understands that the system is designed to manage, rather than eliminate, the business risks, and achieving goals and objectives within the risk appetite and risk tolerance developed by the Board and its management.</p> <p>The Group's system of risk management and internal control are integrated into ERM, carried out in November 2019, with the objective of identifying the Group's risk profile, involving its strategic, financial, operational, information technology and compliance risk. With ERM, the Board and its management are able to evaluate control measures to mitigate the identified risks. The ERM is conducted with reference to global standards and better practices that is aligned with ISO 31000 on risk management principles.</p> <p>On 25 November 2019, the Board has approved a comprehensive Risk Management Policy and Procedure ("RMPP") as part of its commitment towards prioritising risk management practices and promoting risk management culture throughout the Group. The RMPP is benchmarked against globally accepted risk management framework – ISO 31000:2018 Risk Management Standards. It is designed with the aim to establish the context for an embedded ERM framework within the Group, formalising the ERM functions across the Group, promoting awareness in risk identification, measurement, control, monitoring to the employees, and standardising the application of ERM within the Group.</p> <p>The ERM framework comprises of seven (7) elements:</p> <p>a) Risk strategy and appetite which describe the conscious decision to use risk management for achievement of business decisions and strategic objectives;</p>

	<p>b) Risk governance which establish the approach to develop, support and embed the risk strategies and accountabilities;</p> <p>c) Risk culture which details the values and behaviours that shape risk decisions;</p> <p>d) Risk assessment and measurement which identify, assess, categorise and measure risk across the Group;</p> <p>e) Risk management and monitoring which delineated how the Group shall manage, mitigate and accept identified risks;</p> <p>f) Risk reporting system that formalise and conduct activities to provide insight on the Group's strengths and weaknesses; and</p> <p>g) Data and technology used by the Group to identify risk and control information with the objective of improving the overall operation's performance.</p>
<p>Explanation for departure</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>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

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	:	<p>The Board approves the risk management strategies, whereas the authority of managing day to day risk management decisions are delegated to the ARMC and ERMC, with the responsibilities in assisting the Board in:</p> <p><u>The ERMC</u></p> <ul style="list-style-type: none">a) Communicate the Board's vision, strategy, policy, responsibilities to all personnel across the Group;b) Identify present or potential risks and management action plans in managing such risks;c) Perform risk oversight and review risk profile and organisation's performance;d) Aggregate the Group's risk position and report to the Board on a yearly basis;e) Provide guidance to respective departments on the Group's risk appetite;f) Review effectiveness of the ERM framework;g) Overseeing the outstanding action plans needed to be performed by the risk owners for internal controls requiring improvement; andh) Review the risk management process. <p><u>The ARMC</u></p> <ul style="list-style-type: none">a) Review the adequacy and effectiveness of the internal control system instituted within the Group;b) Review the adequacy and effectiveness of RMPP and ongoing activities with the aim of identifying, evaluating, monitoring and mitigating risks; and

	<p>c) Provide reasonable assurance to the Board on adequacy and effectiveness of the Group’s internal control system and that the assets of the Group are safeguarded against loss from unauthorised use or disposition.</p> <p>The Group has a formalised and structured risk management process, from defining processes, determining risk parameters, identifying risk, determining causes, determining consequences, determining likelihood, determining risk rating, identifying controls, determining control effectiveness, challenging or revising rating, determining current residual risk rating, and developing risk profile.</p> <p>In November 2019, ARMC reviewed and recommended the ERM which states the strategic, financial, operational and compliance risks for Board’s approval. The Board at its meeting, held in November 2019, discussed on the eight (8) key risk profiles, and considered the potential repercussions from any foreseeable incident or condition which could affect the strategic goals of the Group.</p> <p>In accordance with Rule 15.26(b) of AMLR, a Statement on Risk Management and Internal Control (“SORMIC”) of the Company is specified in the AR 2019, providing an overview of the Group’s internal control for the financial year under review. The said SORMIC was reviewed by the Company’s external auditors.</p>	
<p>Explanation for departure</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>Measure</p>		
<p>Timeframe</p>		

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>Greatech outsourced its Internal Audit function to an independent professional service provider, Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling"), to assist the ARMC and the Board in discharging their responsibilities. The outsourced IAs shall provide the Company with its independent, objective assurance and advisory services in enhancing the Group's overall operational controls' efficiency and effectiveness.</p> <p>The IAs perform their audit engagements according to the annual audit plan 2019 as approved by the ARMC. Throughout the engagement period, the IAs cover the conduct of the audit planning, execution, documentations, communication of findings, consultations, and follow up on the action items with key stakeholders on the audit concerns, with reference to the International Standards For the Professional Practice Of Internal Auditing issued by the Institute of Internal Auditors. Secondly, the IAs are granted with unrestricted access to any information, records, physical properties, and personnel as well as the reporting workflow to execute its agreed-upon objectives and responsibilities.</p> <p>The internal audit function report directly to the ARMC members and provides the Board with reasonable assurance on the effectiveness of internal controls in the Group. In accordance with Rule 15.15(e) of AMLR, the detailed activities conducted by the IAs function are disclosed in the AR, under ARMC Report.</p> <p>In ensuring that the duties and responsibilities of IA are fully discharged, the TOR of the ARMC stipulates that the ARMC is responsible to evaluate:</p> <ul style="list-style-type: none">a) The adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to perform its work;b) The audit plan, processes the results of the internal audit assessments, investigation undertaken and monitor the implementation progress of audit recommendations;c) The appraisal and assessment of the member of IAs, to ensure that the Internal Audit function is effective and able to perform independently; and

	d) The remit of the Internal Audit function.	
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 Internal Audit function is outsourced to Sterling, a third party professional internal audit service firm which is independent of the operations and activities of Greatech. The engagement team from Sterling are free from any relationship or conflict of interest, which could impair their objectivity and independence. The Internal Auditors report directly to the ARMC.</p> <p>Sterling is a corporate member of the Institute of Internal Auditors Malaysia (“IIAM”). The number of audit staff deployed by Sterling for each internal audit review ranges from 2 to 3 Internal Auditors per visit depending on the areas of audit. Different lead Internal Auditor is assigned to conduct each internal audit review, depending on the scope of the review. The internal audit staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review. For the year under review, the following lead Internal Auditors were in charge of the internal audit reports:</p> <p>a. So Hsien Ying, a Certified Internal Control Professional (US), Master in Business Administration (Finance) (Hull), BSc Economics (Hons) (London), permanent member of The Internal Control Institute (US), Member of Malaysian Alliance of Corporate Directors and Associate Member of IIAM with 26 years of experience in business process improvement, internal control review, internal audit and risk management.</p> <p>b. Yap Sau Peng, a member of MIA, Certified Member of IIAM, Certified Practicing Accountant (“CPA”) (Australia) and Master in Business Administration (Australia) with 19 years of experience in business process improvement, internal control review, internal audit and risk management.</p> <p>c. Cheng Chean, a member of MIA and a Certified Member of IIAM. He is also a Fellow Member of Chartered Certified Accountant (“FCCA”). Mr Cheng has 15 years of hand on experience in the fields of External Audit, Internal Audit and Internal Control Review.</p>

	The Internal Auditors use the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control system. Besides, The Internal Auditors make reference to the International Standards For the Professional Practice Of Internal Auditing issued by the Institute of Internal Auditors.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Greatech recognised the importance of providing meaningful and constructive engagements to all the stakeholders. The Board has adopted the "Investor Relations Policy" on 26 August 2019, with the objective that the Company will be committed to provide timely, transparent, accurate and credible information on corporate strategies, operational performance and financial data to its shareholders and other stakeholders.</p> <p>In line with AMLR, all Company announcements, for example, quarterly financial results, annual results, significant acquisition and disposal of assets, changes in directors' interest, AGM, and extraordinary general meeting are published on the Bursa Malaysia Securities Berhad's ("Bursa Securities") website and made available on the Company's website.</p> <p>The authorised spokespersons of the Group are responsible to communicate and discuss the Group's financial and operating matters with the stakeholders. The Group's spokespersons are:</p> <ul style="list-style-type: none">a) Ms Ooi Hooi Kiang, Chairman of the Board ("Chairman")b) Mr Tan Eng Kee, CEOc) Mr Khor Lean Heng, COOd) Ms Koay Lin Lin, Chief Financial Officer ("CFO") <p>In October 2019, the Group has conducted an investor briefing at its Head Office situated in Bayan Lepas, chaired by the CEO, Mr Tan Eng Kee, which attracted 50 investors to participate in the briefing session. Throughout the session, Mr Tan Eng Kee shared the Group's moving forward direction, business strategies and its financial results to the investors. On top of that, the investors had the opportunity to tour around the Group's manufacturing plant, where they are able to gain insights on the business' operation of the Group.</p> <p>The Group intends to continue this exercise on a half-yearly basis, as part of the commitment to actively engage with its stakeholders.</p>

	<p>On top of the abovementioned engagement sessions, the Group also undertook the following engagements with other stakeholders:</p> <table border="1" data-bbox="560 360 1353 875"> <thead> <tr> <th data-bbox="560 360 874 394">Stakeholders</th> <th data-bbox="874 360 1353 394">Means of engagement</th> </tr> </thead> <tbody> <tr> <td data-bbox="560 394 874 600">Employees</td> <td data-bbox="874 394 1353 600"> <ul style="list-style-type: none"> - Code of Conduct & Ethics and relevant policies and procedures - Trainings and development - Performance evaluation - Remuneration and benefits - Occupational health and safety </td> </tr> <tr> <td data-bbox="560 600 874 701">Suppliers/Customers</td> <td data-bbox="874 600 1353 701"> <ul style="list-style-type: none"> - Meetings - Performance evaluations - Customer service team </td> </tr> <tr> <td data-bbox="560 701 874 770">Local Communities</td> <td data-bbox="874 701 1353 770"> <ul style="list-style-type: none"> - Corporate social responsibilities activities </td> </tr> <tr> <td data-bbox="560 770 874 875">Government Authorities</td> <td data-bbox="874 770 1353 875"> <ul style="list-style-type: none"> - Meetings - Trainings and Seminar - Report submission </td> </tr> </tbody> </table>		Stakeholders	Means of engagement	Employees	<ul style="list-style-type: none"> - Code of Conduct & Ethics and relevant policies and procedures - Trainings and development - Performance evaluation - Remuneration and benefits - Occupational health and safety 	Suppliers/Customers	<ul style="list-style-type: none"> - Meetings - Performance evaluations - Customer service team 	Local Communities	<ul style="list-style-type: none"> - Corporate social responsibilities activities 	Government Authorities	<ul style="list-style-type: none"> - Meetings - Trainings and Seminar - Report submission
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<p>Explanation for departure :</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>Measure :</p>												
<p>Timeframe :</p>												

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	:	<p>The Company is not categorised as "Large Companies" as defined by the MCCG. Therefore, the Company has not adopted integrated reporting based on a globally recognised framework.</p> <p>Nonetheless, the Company has prepared its inaugural Narrative Sustainability Statement, as part of its efforts to incorporate non-financial information into its AR 2019. The report may facilitate the shareholders to gain a better understanding of the approaches and practices that Greatech has taken thoroughly in creating sustainable values over time.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is mindful on Practice 12.1 of MCCG, and will provide at least 28 days' notice period for AGM to all shareholders, ahead of the mandated requirements – 21 days as stated in Section 316(2) of Companies Act 2016 and Rule 7.15 of AMLR.</p> <p>The notice of the forthcoming 2nd AGM of the Company is issued more than 28 days prior to the AGM.</p> <p>The notice of AGM shall be disseminated to all shareholders through various means, including writing via hardcopy, local newspapers, company's <u>website</u> and Bursa Securities' <u>website</u>. In line with Section 320(3) of Companies Act 2016, the notice will be made available on the website from the date of notification until the conclusion of the general meeting.</p> <p>Greotech believes that with additional notice period, the shareholders will have sufficient time and preparation to attend and participate in the general meeting, or to appoint proxies if they are unable to attend to the event. The notice of AGM provides further explanation beyond the minimum content stipulated in the AMLR and it is also especially important in allowing the shareholders to consider the resolutions proposed along with any background information and reports or recommendation that are relevant, where required and necessary and make informed voting decisions at the general 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

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

Practice 12.2

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

Application	: Applied
Explanation on application of the practice	<p>The date of the upcoming AGM has been discussed and fixed in advance with the Board and Management team, for them to plan, prepare and arrange their schedule to attend the AGM.</p> <p>In line with the recommendation of MCCG which encourages more shareholders to participate the General Meeting of the Company while adhering to the social distancing requirements under the COVID-19 pandemic, the Company intends to adopt the Guidelines issued by the Securities Commission Malaysia (“SC”) on the conduct of a general meeting and to enable the voting in absentia or remote shareholders’ participation at the forthcoming 2nd AGM.</p> <p>The Company recognises that it is essential to allow its shareholders to present their views in the general meeting. Therewith, the Board and its key senior management are endeavour to be present during the general meeting, with the aim of engaging and providing meaningful responses in addressing shareholders’ questions and/or concerns.</p> <p>Apart from this, the Company will be inviting its External Auditors to attend the General Meeting, and will be available to respond to the shareholders’ queries that are relevant to the conduct of the audit and the preparation and content of the audited report.</p> <p>To provide a meaningful two-way communication and engagement between the Board and the shareholders, the shareholders are given opportunities to raise questions and feedbacks on issues affecting the Group remotely during the live streaming of the 2nd AGM via the facility which is available on the Company’s Share Registrar’s online portal, i.e. Securities Services e-Portal (“SSeP”), for the productive “Questions and Answers” session.</p> <p>Throughout the AGM which is scheduled to be held on 29 June 2020, the Board shall brief the shareholders on the following key matters:</p> <ul style="list-style-type: none">a) Board composition;b) Director’s remuneration;c) Financial performance of the Company; and

	d) Other matters that are deemed interested to the shareholders.	
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	:	Applied
Explanation on application of the practice	:	<p>On 18 April 2020, SC has issued Guidance on Virtual Meetings and encourages listed issuers to continue leveraging technology to conduct its General Meetings and communication with shareholders beyond the Movement Control Order period.</p> <p>In order to adhere to the Government's directives to curb the spread of COVID-19, the 2nd AGM of the Company on 29 June 2020 shall be held electronically in its entirety for fully virtual General Meeting via REMOTE PARTICIPATION AND VOTING ("RPV") without a physical meeting venue for board members, senior management, shareholders and others involved in a General Meeting to gather. The only venue involved in the conduct of a fully virtual General Meeting is the broadcast venue where only the essential individuals will be physically present to organise the fully virtual General Meeting. With this, the 2nd AGM will be conducted through live streaming and online remote voting via the platform – SSeP.</p> <p>In adhering to the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission of Malaysia on 18 April 2020 and revised on 23 April 2020, the 2nd AGM of the Company will not have more than twenty (20) essential individuals to be physically present at the broadcast venue which includes the Chairperson of the General Meeting, and may also be joined by the CEO, the CFO, the Company Secretary, the Auditor and those providing audio-visual support, and those present must observe all social distancing guidelines.</p> <p>The shareholders will also have to register themselves or their proxy(ies)/Chairperson to attend and vote at the 2nd AGM remotely by using the SSeP, details are set out in the Administrative Guide to be sent out to the Company's shareholders together with the notice of 2nd AGM.</p>
Explanation for departure	:	<p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

**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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