

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7219
COMPANY NAME : MINETECH RESOURCES BERHAD
FINANCIAL YEAR : March 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is responsible for the leadership, oversight, control, development and long-term success of the Group. It is also responsible for instilling the appropriate culture, values and behaviour throughout the Group.</p> <p>The Company's Board Charter defines the following duties and responsibilities of the Board which can be found at the Company's website at www.minetech.com.my :-</p> <ul style="list-style-type: none">a) Reviewing the code of conduct of the Company and implementing appropriate internal systems to support, promote and ensure its compliance;b) Reviewing and adopting a strategic plan for the Company;c) Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;d) Reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance. This includes establishing sound risk management framework, reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;e) Reviewing the procedures for appointment of senior management and Directors and ensuring that succession planning is in place;f) Establishing an internal audit function which reports directly to the Audit Committee;g) Ensuring there is a sound framework of reporting on internal controls, risk management and regulatory compliance;h) Ensuring its members have access to information, appropriate continuing education programmesi) To supervise and assess management performance to determine whether the business is being properly managedj) Promoting ethical business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness |

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| | <p>The Board plays an important role in overseeing the governance of the Group and in ensuring that the Group’s culture and values is set from the top. In carrying out its duties and responsibilities, the Board is assisted by four (4) Board Committees, namely Audit Committee (“AC”), Nomination Committee (“NC”), Remuneration Committee (“RC”) and Risk Management Committee (“RMC”). The Board delegates certain functions to these Committees in accordance with their respective Terms of References. The activities of each Committee are set out in the Corporate Governance Overview Statement of the Annual Report 2019.</p> <p>While the responsibility for monitoring the effectiveness of the Group’s risk management has been delegated to the RMC, the Board retains ultimate responsibility for determining the Group’s “risk tolerance” and annually considers a report in relation to the monitoring, controlling and reporting of identified risks and uncertainties. In addition, the Board receives regular reports from the Chairman of the RMC.</p> <p>The Board promotes the application of sustainability practices throughout the Group, the benefits of which are believed to translate into better corporate performance and ensure the integrity in the Company’s financial and non-financial reporting. A report on sustainability activities, demonstrating the Group’s commitment to the environment, community, marketplace and workplace, appears in the Sustainability Statement of this Annual Report.</p> <p>The Board has conducted an annual review of the Board policies including the Board Charter, Term of References of the Board Committees, the Directors’ Code of Ethics and Conduct and Directors’ and Senior Management’s Remuneration Policy in May 2019 to ensure it remain effective and relevant to the Board’s objective and responsibilities.</p> |
| Explanation for departure | : |
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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 | : |
| 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is led by Mr Choy Sen @ Chin Kim Sang, the Executive Chairman who is responsible in instilling good corporate governance practices and provide leadership to the Board so that the Board can perform effectively.</p> <p>The roles and responsibilities of the Chairman of the Board are:</p> <ul style="list-style-type: none"> (a) providing leadership for the Board so that the Board can perform its responsibilities effectively; (b) ensuring that board members receive complete and accurate information in a timely manner; (c) ensuring smooth functioning of the Board and act as facilitator at meetings of the Board; (d) encouraging active participation and allowing dissenting views to be freely expressed and hence encouraging effective debate and contribution from the Board members; (e) managing the interface between Board and Management; (f) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole; (g) leading the board in establishing and monitoring good corporate governance practices in the company; and (h) inculcate positive culture in the Board. <p>The detailed roles and responsibilities of the Chairman have been set forth in the Board Charter which has been approved by the Board.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises the importance of exercising objective oversight over Management and therefore believes in the separation of the roles of the Chairman and Management. The roles of Chairman and Chief Executive Officer ("CEO") are undertaken by separate persons and the details of responsibilities are clearly set out in the Board Charter.</p> <p>The position of Chairman is currently held by Mr Choy Sen @ Chin Kim Sang who is responsible for orderly conduct and function of the Board while the position of CEO was held by Mr Yee Kon Sin who is responsible for overseeing the day-to-day operations of the Company. The separation of powers between the CEO and the Chairman are clearly elucidated in the Board Charter.</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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The present Company Secretaries, Ms Tai Yit Chan and Ms Tan Ai Ning, both from Boardroom Corporate Services Sdn Bhd (formerly known as Boardroom Corporate Services (KL) Sdn Bhd) are suitably qualified, competent and capable of carrying out the duties required and have attended training/seminars conducted by The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and other regulatory bodies to keep abreast on the changes to regulations and requirements.</p> <p>The Company Secretaries circulated the relevant guidelines on statutory and regulatory requirements from time to time and update the Board on the same at Board meetings. The Company Secretaries also notified the Directors and Principal Officers on the closed period for trading in the Company's securities, in accordance with Chapter 14 of the Main Market Listing Requirements of Bursa Securities. The Company Secretaries also ensure that deliberations at Board and Board Committee meetings are well captured, minuted and documented.</p> <p>The Company Secretaries play an important role in the annual general and extraordinary general meetings in ensuring that the due processes and proceedings are in place and properly managed. During the meeting, the Company Secretaries will assist the Chairman and the Board in the conduct of the meetings and ensure the minutes are properly recorded, particularly questions and issues raised by the shareholders.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its functions. The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, corporate governance and legislations.</p> <p>The Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.</p> <p>The roles and responsibilities of the Company Secretary have been set forth in the Board Charter which has been approved by the Board.</p> |

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| Explanation for departure : | | |
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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 : | | |
| 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is conscious of the importance of meeting materials to be disseminated in a timely manner to allow Directors to decipher the information presented and prepare for the Board and Board Committee meetings.</p> <p>The Board, led by the Chairman, has put in place a policy stipulation which calls for all Directors to have full and timely access to information and the Board papers circulated at least five days prior to each Board and Board Committee meetings. Comprehensive reports comprising a balance of financial and non-financial information, strategic, operational, regulatory, marketing and human resource issues are customarily enclosed as accompanying materials. The Company Secretaries are responsible to manage the logistics, record keeping as well as facilitating all Board and Board Committees communication.</p> <p>Board and Board Committee meetings proceedings are well-documented by the Company Secretaries. The minutes reflects key deliberations and decisions, rationale for each decisions as well as any significant concerns, dissenting views or abstentions by Directors from voting and deliberating on specific matters. Meeting minutes are approved at the subsequent Board or Board Committee meeting and kept at the registered office.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board Charter outlines the roles of the Chairman, CEO, Independent Directors as well as Directors and Board Committees.</p> <p>The Board Charter is available on the Company's website at www.minetech.com.my which has been incorporated into the Group's governance system, documented policies that the Board has decided upon to meet, among others, its responsibilities, governance and leadership as a description tool of how the Board operates. The Terms of References of the AC, RC, NC and RMC are also available on the Company's website. The Board Charter and the Term of References of the Board Committees were last updated in May 2019.</p> <p>The key matters reserved for the Board's full decision-making powers which is set out in the Board Charter include the following:-</p> <ol style="list-style-type: none"> i. Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions; ii. Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures; iii. Strategic investments, mergers and acquisitions and corporate exercises; iv. Limits of authority; v. Treasury policies including Company's budget; vi. Risk management and internal control policies; and vii. Key human resource issues. <p>The Board Charter is periodically reviewed by the Board and updated based on prevailing regulatory promulgations.</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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Code of Ethics and Conduct ("the Code") was adopted in May 2018. The Code sets out the standards which the Directors, officers and employees (together "Personnel") of the Company and its subsidiaries are expected to comply in relation to the affairs of the Company's businesses when dealing with each other, shareholders and the broader community.</p> <p>The Board is required to observe compliance of the Code as well as the Board Charter and high standard of corporate governance at all times. The Board members are required to declare any personal, professional or business interest that may conflict with director's responsibilities.</p> <p>This Code is intended to focus on the Board and Management on areas of ethical risk, provide guidance to Personnel to help them to recognise and deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty and accountability.</p> <p>The Code includes, inter alia, matters relating to conflicts of interest, proper use of the Company's assets and properties as well as knowledge and information on prohibited activities or misconduct involving gifts, gratuities, bribes and corruption, insider trading and money laundering.</p> <p>The Board and Senior Management of the Company will periodically review the Code on an annual basis and communicate changes to all levels of officers. The Code is available on the Company's website at www.minetech.com.my.</p> |
| Explanation for departure | : | |
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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> | | |

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| 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has formalised Whistle Blowing Policies and Procedures (“WPP”) that are applicable to all employees of the Group. The Company’s WPP promotes an environment of integrity and ethical behaviour within the Group.</p> <p>The Group’s whistleblowing channel allows anyone to report any misconduct by employees (including members of Senior Management) and Directors. The whistleblowers can report any improper conduct to Chairman of AC or Chief Executive officer as stipulated in the WPP. A copy of the WPP setting out procedures with the objective that all employees of the Group and other interested parties an avenue where genuine concerns related to possible improprieties in matters of financial reporting, compliance and other malpractices can be objectively investigated and addressed is incorporated into the Directors’ Code of Ethics and Conduct. The details on the procedures can be found on the Company’s website at www.minetech.com.my.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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 of independent directors.

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| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The Board is of the view that the current composition provides the right balance between Executive Directors and Non-Executive Directors with an appropriate mix of relevant skills, knowledge and industry experience required to lead and oversee the Group. Presently, the Company's Independent Directors is 37.50%. A detailed breakdown of the composition is as below:</p> <ul style="list-style-type: none">• 1 Executive Chairman;• 1 Executive Director;• 3 Non-Independent Non-Executive Directors; and• 3 Independent Non-Executive Directors. <p>An annual assessment of independence of the Independent Directors would be conducted on annual basis. Based on the evaluation results, the Board was satisfied that each Independent Director has fulfilled the independence criteria set out in the Bursa Securities' Main Market Listing Requirements and they will continue to demonstrate their independence through their engagement in all meetings, providing objective challenge to the Management and bringing independent judgement to decisions made by the Board for the best interests of shareholders.</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.

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| Application | : | Not applicable - No independent director(s) serving beyond 9 years | |
| Explanation on application of the practice | : | <p>Currently, none of the Independent Non-Executive Directors of the Company have exceeded the cumulative terms of nine (9) years.</p> <p>Should the Board intends to retain any of its Independent Directors beyond nine (9) years or twelve (12) years, it would provide justification and seek annual shareholders' 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

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.

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| 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>In recommending the appointment of Directors and Senior Management, the NC considers salient attributes such as mix of skills and experience, strengths, expected contribution, independence (where applicable) and the multiple facets of diversity to ensure a balanced mix of talents on the Board and Senior Management level.</p> <p>The Board, alongside the NC, undertakes periodic reviews of the composition of the Board and Senior Management to ensure that they remain diverse.</p> <p>The current composition of the Board includes a diverse mix of skill sets, knowledge and experience (eg. Accounting, legal, finance, business and management) and age (range between 36-66).</p> <p>The appointment of Senior Management personnel is also based on pre-determined criteria that includes skill sets and leadership qualities, driven by their respective job descriptions.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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.

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| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | <p>The Board recognises the challenges in achieving the right balance of diversity in the Company. This will be done over time, taking into account the present size, the valuable knowledge and experience of the present Senior Management and the evolving challenges to the Company over time.</p> <p>The Board takes cognisance of the recommendation of the MCCG which stipulate a goal for women participation to reach 30% for large company and continuously considering suitable women candidates to be appointed with the intention to further diversify the composition of the Board.</p> | |
| | | <p>The Company had adopted the Diversity Policy which outlines its approach to achieving and maintaining diversity (including gender diversity) on its Board of Directors and in Senior Management positions.</p> | |
| <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

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.

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| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | The current process with regards to the appointment of new Directors to the Board is based on the recommendation of the NC. The Board relies on the existing network and referrals from existing Directors, Senior Management and major shareholders as primary means to source for new Directors as they represent a tried and tested method of sourcing high-calibre directors with a sound understanding of the business. |
| | | The Directors appointment process is carried out based on methodical and robust process undertaken by the NC. Candidates recommended are thoroughly assessed based on their competence, integrity, character, time commitment and experience as stated in Paragraph 2.20A of Bursa Securities Main Market Listing Requirements. The Board will consider external and independent sources if applicable. |
| <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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The NC is chaired by Encik Ahmad Rahizal Bin Dato' Ahmad Rasidi, an Independent Non-Executive Director as provided in the Term of Reference of the NC.</p> <p>The Board recognises the need for Chairman of NC to be independent to ensure objectivity and independent judgement during deliberations.</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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has adopted a formal and objective annual evaluation of the Board, Board Committees and Directors' performance. The assessment took into account the contribution and performance of the Directors in relation to their competencies, time commitment, and experience in meeting the needs of the Company. The NC conducted internally facilitated Board assessment via questionnaires on yearly basis. The results and recommendations from the evaluation of the Board and Board Committees are reported to the Board for consideration and action.</p> <p>During the year under review, the Board engages the external Company Secretary who is from an independent external secretarial firm to facilitate the Board evaluation via evaluation forms. Our external Company Secretary from Boardroom Corporate Services Sdn Bhd (Formerly known as Boardroom Corporate Services (KL) Sdn Bhd) assists in the preparation of documents for the annual evaluation and facilitates the evaluation which includes self and peer evaluation. The NC had conducted its evaluation of the Board, Board Committees, individual Directors and level of independency for Independent Directors and concluded that the Directors (individually and collectively) have discharged their respective roles and responsibilities in a conscientious 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

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board acknowledges that remuneration is a key ingredient in attracting, retaining and motivating talented and high-calibre individuals that can successfully run and manage the business. In this regard, the Board has in place the Directors' and Senior Management's Remuneration Policy which was last reviewed in May 2019.</p> <p>In setting the remuneration of directors, the Board is guided by the Directors' and Senior Management's Remuneration Policy. The Executive Directors shall not participate in decisions regarding their individual remuneration.</p> <p>The remuneration of Non-Executive Directors is determined by the Board as a whole. The remuneration package for Executive Directors has been structured to link rewards to corporate and individual performance while Non-Executive Directors' remuneration reflects the experience and level of responsibilities undertaken by individual Non-Executive Directors.</p> <p>The Directors' Remuneration Policy and accompanying procedures are disclosed on the Company's website.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established a RC which comprises wholly of Non-Executives Director. The Term of Reference of the RC sets out the roles and responsibilities of the RC in relation to remuneration matters was last reviewed in May 2019 and is available on the Company's website www.minetech.com.my.</p> <p>The Board is satisfied that the RC had discharged its duties and responsibilities with respect to Directors' remuneration including reviews of the remuneration package for the Executive Directors 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

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | The Board collectively determined the remuneration for the Independent Directors based on the recommendation of the RC. Each of the Independent Directors has abstained from deliberating and voting on their own remuneration. The details of the remuneration of Directors (both the Company and the Group) during the financial year ended 31 March 2019 are disclosed in Corporate Governance Overview Statement. |
| 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 7.2

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | The remuneration components of the Executive Directors and Senior Management were disclosed on a named basis in the Corporate Governance Overview Statement. |
| 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 7.3 - Step Up

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

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|--|---|---|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | The remuneration component of the former Chief Financial Officer, Mr Ng Kok Hok*, including his salary and other emoluments was disclosed in the Corporate Governance Overview Statement. <i>*Mr Ng Kok Hok had resigned as the Chief Financial Officer on 21 December 2018.</i> |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Chairman of the AC is Encik Ahmad Ruslan Zahari Bin Zakaria. Having the positions of Board Chairman and Chairman of the AC assumed by different individuals, it allows the Board to objectively review the AC's findings and recommendations.</p> <p>Encik Ruslan was trained as Chartered Accountant in UK before joining Merchants Business Growth Consulting as its Group Financial Controller in Europe. Upon his return to Malaysia, he joined CIMB Investment Bank Berhad and thereafter appointed as ASEAN Regional Director/Managing Director (Malaysia) of Clear Channel Communications Inc, the leading global media organisation listed on New York Stock Exchange.</p> <p>Having vast of experience within the area of finance and accounting, Encik Ruslan was appointed the Chief Executive Officer for several companies in Malaysia.</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 | : | None of the members of the AC were former key audit partners. Term of Reference of the AC further imposes the requirement for a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the AC. The Term of Reference of the AC is 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

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 AC's Term of Reference which provides for procedures to assess the suitability, objectivity and independence of the Company's external auditors.</p> <p>The AC is responsible for assessing the capabilities and independence of the external auditors and to also recommend to the Board on their appointment, re-appointment or termination of their services to the Company.</p> <p>The AC had assessed and was satisfied with the competence, audit quality, resource capacity of the external auditors, Messrs. UHY in relation to the audit services provided. From the assessment, the AC is also satisfied that there was no threat to the objectivity and independence of the audit arising from the provision of non-audit services of the external auditors and the total fee incurred for non-audit services is not significant.</p> <p>Based on the outcome of its assessment, the AC had recommended to the Board for the shareholders' approval to be sought on the re-appointment of the external auditors at the forthcoming 17th Annual General Meeting ("AGM").</p> <p>The Term of Reference of the AC was last reviewed in May 2019 and is available on 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

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 the members of the AC have the necessary financial, banking experience, commercial expertise, capital markets and legal skills required to meet their responsibilities and effectively challenge management's assertions on the Company's financials during the AC meeting.</p> <p>The AC members have attended training programmes to keep abreast of relevant industry issues, market development and trends including accounting and auditing standards to enhance their skills and knowledge and enable them to sustain their active participation in the functions of the AC.</p> <p>Based on the outcome of the AC assessment, the Board is satisfied with the performance of the AC as the Chair and its members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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 Group's outsourced Internal Auditors, GovernanceAdvisory.com Sdn Bhd has assisted the Group to set up an Enterprise Risk Management framework.</p> <p>The findings arising from the internal audit process as well as the recommendations for improvement are presented to Management and AC. Any significant finding will be brought to the attention of the AC immediately instead of reporting during the AC meeting.</p> <p>The RMC has been established and is responsible for evaluation of the Group's level of risk tolerance, assess and monitor risks on division level and engage with management periodically on the action plans.</p> <p>The Board, as a whole would continue to monitor and review the effectiveness and adequacy of the Group's risk management and risk appetite to ensure they continue to be resilient and reliable.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 9.2

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established a framework to formulate and review risk management policies and risk strategies.</p> <p>The actual performance of each operating unit based on the established annual budgets and business planning is monitored monthly, compared with budget and reviewed quarterly by the Board with explanations provided by Management of any major variances as well as to highlight significant issues and changes in the business environment, major policy matters and external environment affecting the Group. In addition, the Board, assisted by RMC and AC review the risk management and internal control issues identified by the internal and external auditors.</p> <p>Further information on the Group's risk management and internal control framework is presented in the Statement on Risk Management and Internal Control of the Annual Report 2019.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 9.3 - Step Up

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

| | | |
|--|---|--|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | The RMC has been established which comprises of majority Independent Directors to independently oversee the Company's risk management framework and policies. The roles and responsibilities of the RMC are set out in the RMC terms of reference, which is available on the Company's website at www.minetech.com.my . |

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 AC of the Company is responsible for monitoring and reviewing the effectiveness of the Group's Internal Audit function.</p> <p>The Board has outsourced this function to an independent professional service firm, namely GovernanceAdvisory.com Sdn Bhd to provide an independent assurance to the Board on the effectiveness and adequacy of the Group's system of internal control. Details of the internal audit function are set out in the SORMIC and AC Report.</p> <p>The Head of internal audit reports directly to the AC and their performance is reviewed by the AC on an annual basis.</p> <p>The Internal Auditor attends and reports at Audit Committee meeting on its work conducted as well as its findings, management's responses and recommendations.</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 internal audit function has been outsourced to an external party, GovernanceAdvisory.com Sdn. Bhd. (“GASB”)</p> <p>The Internal Auditors reports to the AC. This reporting relationship promotes independence and objectivity, which assures adequate consideration of audit recommendations and planned corrective actions, and gives the Internal Audit staff the authority needed for full, free and unrestricted access to all operations, records, property and personnel within the Group.</p> <p>The Internal Audit function is guided by The International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.</p> <p>The audit personnel from GASB are free from any relationships or conflicts of interest, which could impair the objectivity and independence.</p> <p>Details of the audit personnel from GASB are set out in the Corporate Governance Overview Statement.</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 11.1

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>Communication with stakeholders is executed in a timely, concise and transparent manner through announcements via Bursa LINK, on the Company's website and the media.</p> <p>The Company's website includes an Investor Relations ('IR') section which is accessible to the public and provides all relevant information on the Company. This IR section enhances relations with the investors by including all announcements made by the Company, share price information, annual reports and the corporate and governance structure of the Company.</p> <p>Member of senior management, Mr Chin Leong Choy is directly involved in IR and is responsible for all IR queries</p> <p>The Company has the Corporate Disclosure Policies & Procedures in place which is available on the Company's website at www.minetech.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 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 | : | Not applicable as the Company is not a Large Company as defined by the Malaysian Code on Corporate Governance. |
| <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 | : | <p>The Board considers the AGM as an invaluable platform for shareholders to engage the Board and Management of the Company in a productive and constructive two-way dialogue. As such, the Board strives to ensure that shareholders are accorded with sufficient time to prepare and accord due consideration to the resolutions that will be discussed and decided upon at the AGM.</p> <p>The Notice convening the 17th AGM scheduled to be held on 28 August 2019 is dated 31 July 2019, giving the shareholders at least 28 days notice. In addition to sending notice, the Company also published the AGM Notice on the newspaper and on its 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

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>All Directors were present at the 16th AGM in person to engage directly with the shareholders.</p> <p>At the 16th AGM, the Chairman invited shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting during Questions & Answers session, before putting a resolution to vote. The Directors, Management and external auditors were in attendance to respond to the shareholders' queries.</p> <p>Shareholders are encouraged to ask questions both about the resolutions being proposed before putting them to vote as well as matters relating to the Company's operations in general.</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 12.3

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>The 16th AGM was held at Bukit Jalil Golf & Country Resort in Kuala Lumpur which was easily accessible and familiar to most shareholders of the Company since several past AGMs were held at the same venue.</p> <p>The Company has adopted poll voting, in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, at its 16th AGM held on 28 August 2018 for all resolutions proposed. Shareholders who are unable to attend the AGM are encouraged to submit the proxy forms to appoint their proxy/proxies to attend the meeting and to vote via proxy/proxies.</p> <p>As the Company does not have large number of shareholders and has less than 100 shareholders who attend its AGM, the Board views that the current practice is suffice.</p> <p>Taking into account the intended outcome of this practice, the Board will continue to monitor developments in the market in respect of new technologies to facilitate the conduct of meeting remotely and may consider implementing the same in the future if there is a strong case for change and is in compliance with legal requirements.</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
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

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

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