

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5082
COMPANY NAME : CYMAO HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is always mindful of its responsibility for the overall performance of the Company by setting the directions and objectives, formulation policies, development of strategic action plans and stewardship of the Company's resources. The Board regularly reviews the Company's business operations, identifying risks and ensuring the existence of adequate internal controls and management systems to measure and manage risks and maintains full and effective control over management of the Company. They put together their skills, experience and knowledge to direct, supervise and manage the Group's business and enhancement of long-term shareholders' value.</p> <p>The Board apart from discharging its fiduciary duties, leadership function and responsibilities, has also delegated specific responsibilities to the Board Committees within their respective defined Terms of Reference to support the Board and report their proceedings and recommendations. However, the Board makes the final decision on all matters in the best interest of the Company.</p> <p>The Board regularly undertakes duties, which broadly includes:</p> <ul style="list-style-type: none">• reviewing and adoption of the overall strategic plan for the Company and the Group;• assessing and monitoring the cash flow requirements of the Group;• overseeing the conduct of the Company's business operations;• identifying principal risks and ensuring the existence of adequate internal controls and management systems to measure and manage the risks;• overseeing the succession planning of senior management;• monitor compliance with all relevant statutory and legal obligations; and

	<ul style="list-style-type: none"> maintaining full and effective control over management 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

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 Chairman of the Company is Dato' Seri Mohd Shariff Bin Omar who is an Independent Non-Executive Director.</p> <p>The Chairman primarily leads the Board with the responsibility to ensure effective functioning of the Board as a whole, engaging active participation amongst members of the Board and inculcating good corporate governance practices and the overall conduct of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and Managing Director of the Company are held by separate individuals to ensure a balance of power, authority and accountability at the Board level. Dato' Seri Mohd Shariff Bin Omar is an Independent Non-Executive Director and the Chairman of the Board whereas Mr Lin, Kai-Min holds the position of Managing Director.</p> <p>The Chairman primarily leads the Board with the responsibility to ensure effective functioning of the Board as a whole, engaging active participation amongst members of the Board and inculcating good corporate governance practices and the overall conduct of the Group.</p> <p>The Managing Director being the key personnel is responsible to develop and put the operation plan into actions. He monitors actual results on a weekly basis with the senior management team from various departments and where planned performance are not met, strategies are re-assessed and remedial actions taken to address the variances. Both domestic and export marketing strategies are discussed at the weekly meetings.</p> <p>The Managing Director together with the Executive Director are responsible for implementing policies and decisions of the Board, overseeing operations as well as managing development and implementation of business and corporate strategies. The responsibilities of the Board are to oversee the business and affairs of the Company on behalf of the shareholders as stipulated in the Company's Articles of Association, the Companies Act 2016, the Main Market Listing Requirements and any applicable rules, laws and regulations.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
------------------	---	--	--

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a professionally qualified Company Secretary, Ms Katherine Chung Mei Ling, a member of the Malaysian Institute of Chartered Secretaries and Administrators.</p> <p>She is accountable to the Board on all matters connected with the proper functioning of the Board and her responsibility includes:</p> <ul style="list-style-type: none">• assisting the Chairman and the Chairmen of the Board Committees in developing the agendas for the meetings;• administering, attending and preparing the minutes of meetings of the Board, Board Committees and shareholders,• acting as liaison to ensure good information flow within the Board, between the Board and its Committees as well as between management and the Directors;• advising on statutory and regulatory requirements and the resultant implication of any changes that have bearing on the Company and the Directors;• advising on matters of corporate governance and ensuring the Board policies and procedures are adhered to;• monitoring compliance with the Companies Act, 2016, the MMLR and the Articles of Association of the Company;• facilitating orientation of new director;• disseminating suitable training courses and arranging for Directors to attend such courses when requested. <p>Every Director has full access to the advice and services of the Company Secretary. The Company Secretary and the senior management proactively monitor and guide the Board on the corporate disclosure requirements stipulated in the MMLR to ensure the Company is in compliance and make timely disclosures.</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	:	The Notice of meetings, setting out the agenda and accompanied by the Board and/or Committee meeting papers are given to the Directors/members of Board Committee at least one week prior to the meeting. This is to enable the Directors and members of Board Committee to have sufficient time to peruse, obtain further information and/or seek further clarification on the matters to be deliberated either from the management or the Company Secretary. Urgent matters that need to be discussed by the Board/members of Board Committee will be presented and tabled under supplemental agenda. The Directors will be provided with additional financial-related information on operational, development and performance of the Group, explanation of pertinent issues and recommendations by the management. The matter will then be deliberated and discussed in detail by the Board before making decision that is favourable to 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

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter adopted by the Board provides the principle guidelines for the existing and/or new members of Board alike, Board Committee and management to achieve the objectives of the Company.</p> <p>The Board Charter defines the roles, duties, the division of responsibilities and power between the Board and those delegated to the management, the Board Committees and Managing Director. It sets out the Board structure, the Board’s strategic intent, key values, principles and ethical standards of the Company as policies and strategies are developed based on these considerations.</p> <p>The Charter is available on the Company’s website at www.cymao.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Code of Ethics and Conduct of the Company is set up to enhance the good corporate governance and behaviour and to uphold the spirit of social responsibility and accountability. The Code includes principles relating the Board ethical, communication channel and conflict of interest.	
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	:	The Company has in place a Whistleblowing Policy to assist and ensure that the Company's business and operations are conducted in an ethical, moral and legal manner. The Whistleblowing Policy is designed to encourage employees or external parties to disclose suspected malpractice or misconduct and to provide protection to employees or external parties who report allegations of such practices.	
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>The Board of Directors of the Company presently comprises five members, namely</p> <table border="0"> <thead> <tr> <th><u>Members of the Board</u></th> <th><u>Designation</u></th> </tr> </thead> <tbody> <tr> <td>Dato' Seri Mohd Shariff Bin Omar</td> <td>Chairman, Independent Non-Executive Director</td> </tr> <tr> <td>Mr Lin, Kai-Min</td> <td>Managing Director</td> </tr> <tr> <td>Mr Lin, Kai-Hsuan</td> <td>Executive Director</td> </tr> <tr> <td>Mr Hiew Seng</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Tuan Syed Ibrahim Bin Syed Abd.Rahman</td> <td>Independent Non-Executive Director</td> </tr> </tbody> </table> <p>The Independent Non-Executive Directors are independent of management and free from any business relationship that could materially interfere with the exercise of their independent judgement and play an important role in ensuring that strategies are objectively evaluated by the management. The Independent Non-Executive Directors are actively involved in the Board Committees of the Company and thus provide the necessary check and balance to the Board's decision making process, safeguarding the interest of shareholders and stakeholders and ensure that the recommended standard corporate governance are applied.</p>	<u>Members of the Board</u>	<u>Designation</u>	Dato' Seri Mohd Shariff Bin Omar	Chairman, Independent Non-Executive Director	Mr Lin, Kai-Min	Managing Director	Mr Lin, Kai-Hsuan	Executive Director	Mr Hiew Seng	Independent Non-Executive Director	Tuan Syed Ibrahim Bin Syed Abd.Rahman	Independent Non-Executive Director
<u>Members of the Board</u>	<u>Designation</u>													
Dato' Seri Mohd Shariff Bin Omar	Chairman, Independent Non-Executive Director													
Mr Lin, Kai-Min	Managing Director													
Mr Lin, Kai-Hsuan	Executive Director													
Mr Hiew Seng	Independent Non-Executive Director													
Tuan Syed Ibrahim Bin Syed Abd.Rahman	Independent Non-Executive Director													
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 4.2

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	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	<p>Mr Hiew Seng who has served more than fourteen years as an Independent Director of the Company. He has fulfilled the independence criteria as prescribed in the MMLR. The appraisal concluded that he is free from any business/other relationship that could compromise him in exercising unbiased view or objective judgement and the ability to act in the best interest of the Company. Mr Hiew Seng has maintained his independence in carrying out his duties and responsibilities through objective and unbiased deliberations in the decision-making process of the Board and Committees.</p> <p>The Board viewed that Mr Hiew Seng is able to continue with his positive contributions to the Board as an Independent Director and hence, the Board will seek for the shareholders' approval at the forthcoming Annual General Meeting to retain him in this position.</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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee is responsible for making recommendations to the Board on the suitability of candidates nominated for appointment to the Board and Board Committees.</p> <p>The selection process for any suitable candidature of director involves first and foremost evaluation on the balance and composition including mix of skills, independence, experience and diversity (including gender diversity) of the Board. In making recommendation of suitable candidates, the Nomination Committee shall consider the following:</p> <ul style="list-style-type: none"> • skills, knowledge, expertise and experience; • time commitment and contribution; • honesty, integrity, professional conduct and business ethics/practices; • number of directorships in other companies and other external obligations which may affect his/her commitment; and • for position of independent non-executive directors, the candidate shall be evaluated at minimum in accordance with the definition of “Independent Director” as stipulated by the MMLR. <p>It is entirely the decision of the Board to consider and approve the appointment of a new director upon the recommendation from the Nomination 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

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is not establishing a policy on gender diversity or setting any target on women participation on the Board.	
		The Board is of the view that appointment of directors should refer on merit rather than through positive discrimination. The Board believes that in order to maintain an appropriate balance in the Board spectrum, a diverse mix of skills, experience, knowledge and background is of paramount importance.	
		The age of the Directors of the Company ranges from forty-eight to seventy-five and having the diversified backgrounds of the Board members, each generation brings different skills, experience and talents to the Board.	
<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

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	:	The Board may authorise the Nomination Committee to refer to independent sources, eg directors’ registry, industry and professional associations or independent search firms to identify suitable qualified candidates for directorship, where required and necessary.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Nomination Committee, Dato' Seri Mohd Shariff is an Independent Director.	
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 Board had conducted the annual assessment in the form of questionnaires on the Directors, the independence of Independent Director, the Board as a whole and Board Committees.</p> <p>The Nomination Committee would appraise on the assessments and was satisfied with the overall results of the assessments of the performance of individual directors, the Board as a whole and the respective Board 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

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 in place policies and procedures to determine the remuneration of Directors and senior management, which provide for:</p> <ul style="list-style-type: none"> • periodic review; • competitive compensation package for Executive Directors that reflects market rate, individual's performance, job responsibilities and at levels that are sufficient to attract and retain the Executive Directors needed to run the Group successfully; and • Non-Executive Directors are paid a basic fee as ordinary remuneration and additional allowances for attendance at meetings. The Chairman of the Board and Chairmen of Committee are provided with additional fees.
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.

Application	:	Applied						
Explanation on application of the practice	:	<p>The Remuneration Committee comprises entirely of Independent Non-Executive Director as follows:</p> <table><tr><td>Dato' Seri Mohd Shariff Bin Omar</td><td>Chairman, Independent Non-Executive Director</td></tr><tr><td>Mr Hiew Seng</td><td>Independent Non-Executive Director</td></tr><tr><td>Tuan Syed Ibrahim Bin Syed Abd.Rahman</td><td>Independent Non-Executive Director</td></tr></table> <p>The Remuneration Committee carried out annual review of the remuneration packages for Executive Directors and Non-Executive Directors to ensure the remuneration packages are sufficiently attractive to retain Directors and if necessary, drawing from outside advice.</p> <p>The Remuneration Committee upon annual review will recommend to the Board as a whole to determine the remuneration packages for the Directors. The Director concerned is not allowed to participate or deliberate in the discussion of his own remuneration.</p> <p>The Remuneration Committee met once during the financial year 2017 to carry out the annual review the remuneration packages for Executive Directors and Non-Executive Directors to ensure the remuneration packages are sufficiently attractive to retain Directors and if necessary, drawing from outside advice. The Remuneration Committee upon annual review will recommend to the Board as a whole to determine the remuneration packages for the Directors. The Director concerned is not allowed to participate or deliberate in the discussion of his own remuneration.</p>	Dato' Seri Mohd Shariff Bin Omar	Chairman, Independent Non-Executive Director	Mr Hiew Seng	Independent Non-Executive Director	Tuan Syed Ibrahim Bin Syed Abd.Rahman	Independent Non-Executive Director
Dato' Seri Mohd Shariff Bin Omar	Chairman, Independent Non-Executive Director							
Mr Hiew Seng	Independent Non-Executive Director							
Tuan Syed Ibrahim Bin Syed Abd.Rahman	Independent Non-Executive Director							

	The Remuneration Committee has in place its Terms of Reference and the policies on remuneration for the Executive Directors and Non-Executive Directors. The Terms of Reference is Remuneration Committee is available at the Company's website at www.cymao.com	
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	:	The detailed of remuneration of the Directors on name basis, the amount received from the Company and on a group basis respectively, categorised into appropriate components for each Director for the financial year ended 31 December 2017 are disclosed in the Disclosure of Remuneration of 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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the opinion that the disclosure on a named basis for the remuneration of the top senior management's remuneration component would not be of the best interest of the individual concerned due to the sensitivity of information and competitiveness of the employment market.	
		The Board ensures that the remuneration of the key senior management reflect the market value and based on individual performance, job responsibilities and the Group's performance.	
		The remuneration of the top three key senior management of the Company is disclosed on an aggregate basis of a total RM496,100.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee presently comprises of the following members:</p> <p>Chairman : Hiew Seng (Independent Non-Executive Director)</p> <p>Members : Dato' Seri Mohd Shariff Bin Omar (Independent Non-Executive Director)</p> <p style="padding-left: 40px;">: Syed Ibrahim Bin Syed Abd.Rahman (Independent Non-Executive Director)</p> <p>The Chairman of the Audit Committee is a qualified Chartered Accountant and also a member of Malaysian Institute of Accountants.</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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The members of Audit Committee are comprised solely of Independent Non-Executive Director. None of them was a former key audit partner and therefore there is no policy in place for a former key audit partner to observe a cooling-off period of at least two years prior to the appointment as member of Audit Committee.	
		Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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	:	Amongst the key functions as stated in the Terms of Reference of Audit Committee, the Audit Committee assesses on the audit scope, relationship with External Auditors, audit scope, relationship with external auditors, audit governance and independence, audit communications and audit fee. The Audit Committee and the Managing Director were satisfied on the suitability, independence and performance of the External Auditors in view of the quality of professional services rendered and sufficient resources provided to the Group during the course of audit. The Terms of Reference of Audit Committee is available at the Company's website, www.cymao.com .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee is made up of three members solely Independent Non-Executive Directors

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The members of Audit Committee possess the necessary skills to discharge its duties and they are financially literate. The Chairman of Audit Committee is member of Malaysian Institute of Accountants.</p> <p>During the financial year under review, the members Audit Committee have attended a workshop on "Driving Financial Integrity & Performance Enhancing Financial Literacy" to keep themselves abreast of relevant developments including accounting and auditing standards to enable them to discharge their duties effectively.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>In view of the nature of business activities of the Company, the Board adopted an approach in carrying out the process of identification, evaluation and management of significant risks such as key commercial and financial risk and other general risk faced by the Group through a weekly meeting headed by the Managing Director together with senior management team.</p> <p>Such weekly meetings serve as a monitoring tool and provide communication channel of reporting and feedback to all level of management, whereby, changes in business environment and operations are reviewed while operation performance is assessed with detailed corrective actions being identified and discussed.</p> <p>The Board through its Audit Committee regularly reviews the results of the process of identifying, evaluating and managing significant risks faced by the Group.</p> <p>The management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the significant risks faced and applying and monitoring appropriate internal controls to mitigate and manage these risks.</p> <p>The monitoring arrangements presently in place give reasonable assurance that the structure of controls and operations is appropriate to the Group.</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 9.2

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 is of the view that the systems of internal control that have implemented within the Group are adequate in consideration of its size and complexity although improvements need to be made.</p> <p>The Group's internal control systems includes the following key elements:</p> <ul style="list-style-type: none"> - Organisation structures with authority limits and responsibilities; - Defined functions and responsibilities of the various committees of the Board; - Formalised internal policies and procedures which are subject to regular review and improvement; - Review of material contracts and related party transactions, if any; - Comprehensive and timely information are provided to the management, covering both financial and non-financial performance and key business indicators; - Regular visits to operating units by Board members and senior management; - Continuous training and development program to ensure and maintain the competency and efficiency of the employees. <p>The Audit Committee reviews the results of the risk monitoring and compliance procedures, and ensures that an appropriate mix of techniques is used to obtain the level of assurance required by the Board. The Audit Committee reviews reports from Internal Auditors and the management and make recommendations to the Board in strengthening the risk management, internal control and governance systems. The Committee presents its findings to the Board on a quarterly basis.</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	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has in place an internal audit function, which provides the Board with much of the assurance it requires regarding the adequacy and effectiveness of risk management, internal control and governance systems. This function is currently outsourced to two independent professional firms namely, FS Chen & Associates and RCA Corporate Services Sdn. Bhd. to provide internal audit services to the Sandakan and Klang operations respectively.</p> <p>Internal Auditors independently review the internal controls on the key activities of the Group's business. The Internal audit was carried out based on the Internal Audit Plan reviewed by the Audit Committee and approved by the Board.</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 Company outsourced its Internal Auditor Function to two independent professional firms namely, RCA Corporate Services Sdn. Bhd. and Jeta PLT (Formerly known as FS Chen & Associates) to separately conduct the internal audit reviews on the Group's operations at different locations, ie. Klang and Sandakan respectively.</p> <p>Mr Clement Cheong from RCA Corporate Services Sdn. Bhd. is a member of the Malaysian Institute of Accountants with more than twenty years of experience in the banking and finance industry as well as internal auditing. Mr Henry Liao from Jeta PLT (Formerly known as FS Chen & Associates) is a Fellow Member of the Association of Chartered Certified Accountants having at least of thirty-eight years of experience in audit of listed companies and internal audit work. These professional firms are adequately resourced and the internal audit performed are in accordance with the recognised internal auditing framework.</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 continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company disseminates information to its shareholders and investors through its Annual Report, timely public announcements and the quarterly financial results are released to the Bursa Malaysia Securities Berhad, which provide the shareholders and investors with an overview of the Group's performances and operations.</p> <p>The Annual General Meeting and Extraordinary General Meeting serve as a platform for the shareholders to seek more information on the audited financial statements and other matters of interest.</p> <p>The Company has maintained a website at www.cymao.com for the access of shareholders and the general public to retrieve information of the Group. Investors and members of the public who wish to channel queries on matters relating to the Group may email to info@cymao.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company does not fall into the category of Large Company as defined in the Malaysian Code of Corporate Governance 2017.	
		This Practice is not applicable to the Company.	
<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 will despatch the Notice of forthcoming 20th Annual General Meeting (“AGM”) to be held on 30 June 2018. The Notice of 20th AGM dated 30 April 2018 is served more than twenty-eight prior to the date of meeting.</p> <p>The notice for the AGM outlines the resolutions to be tabled at the meeting together with the explanatory notes to the proposed resolutions for clarification to the shareholders so that better informed decisions can be made.</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 Board recognises the use of the general meeting as a principal forum for dialogue and to communicate with shareholders. Extraordinary General Meetings are held as and when required. The Board at all times encourages attendance and participation of shareholders at the Company's general meetings which served as a principal forum for dialogue to communication with the shareholders.</p> <p>In an effort to encourage greater shareholders' participation at general meeting, the Board takes cognisance in serving longer than the required minimum of at least twenty-one days' notice for general meeting by giving at least twenty-eighty days' notice prior to the meeting. To further promote participation of the members, the Chairman of the meeting will brief the members, corporate representatives or proxies present at the meeting of their rights to speak and vote on the resolutions set forth in the general meeting.</p> <p>The shareholders are given the opportunity to seek clarification on any matters pertaining to the business and financial performance of the Company.</p> <p>The Board endeavors to ensure that all Board members including the chair of the Board Committees, the Managing Director and the external auditors are present at the Company's Annual General Meetings to answer questions raised at the meeting. Extraordinary General Meetings are held as and when required and if necessary, the financial advisors will also be present to attend to shareholders' queries at these meetings.</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 resolutions are set out in the Notice of 20th AGM will be decided by the Members who are present in person or appoint a proxy to attend and vote on his or her behalf at the venue of the meeting. All resolutions intended to be moved at the AGM shall be put to vote by poll in accordance with the Articles of Association and the Main Market Listing Requirements.</p> <p>The Board is of the view that the Company will not implement electronic poll voting as the cost out weights the benefits.</p> <p>The present approach of voting at the specific venue is the general practice by the listed issuers. For those Members who are unable to participate at the general meetings, they can submit the proxy forms in the Annual Report to exercise their votes.</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.

**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.

Click here to enter text.