

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5275

COMPANY NAME : MYNEWS HOLDINGS BERHAD

FINANCIAL YEAR : October 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board takes full responsibility for the overall performance of the Group by setting the strategic directions and objectives. The Board regularly reviews the Group's business operations and maintains full and effective oversight over the management of Mynews.</p> <p>The roles and responsibilities of the Board include determining the Company's overall strategic plans, performing periodic reviews of business and financial performance, as well as adopting risk management and internal controls to implement a strong framework of internal controls in Mynews.</p> <p>The Board had reviewed the effectiveness and implementation of the strategic plans for the financial year under review and provided guidance and input to Management. To ensure the effective discharge of its functions and duties, the principal responsibilities of the Board included the following:</p> <ul style="list-style-type: none">a) Review and adopt a strategic plan for the Group ensuring the strategies promote sustainability.b) Oversee and monitor the conduct of the Group's business and ensure the integrity of financial and other reporting.c) Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures.d) Succession planning for senior management positions is in place to provide for the succession of senior management.e) Reviewing the adequacy and integrity of the Group's risk management and internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. |

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| | <p>The Board has adopted a schedule of matters specifically reserved for its approval, which include, amongst others, reviewing and approving the following:</p> <ul style="list-style-type: none"> a) Strategic/business plans and annual budget b) New investments, joint ventures and corporate restructuring c) Acquisition and disposal of significant assets of the Group d) Annual audited financial statements and the quarterly financial results prior to release to Bursa Securities e) Related party transactions <p>The Board has also delegated certain responsibilities to its various Board Committees, which operate within clearly defined terms of reference. The Board Committees of the Board comprise the following:</p> <ul style="list-style-type: none"> ❖ Audit Committee ❖ Risk Management Committee ❖ Nominating Committee ❖ Remuneration Committee <p>The Board receives reports at its meeting from the Chairman of each committee on the proceedings at their respective meetings and it is the general policy of the Company that all major decisions be considered by the Board collectively.</p> <p>The terms of reference of the Board Committees are available on the Company's website at www.mynews.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> | |
| 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>Mr Ding Lien Bing is the Independent Non-Executive Chairman, who is primarily responsible for ensuring Board effectiveness and leading the Board in its collective oversight of management.</p> <p>Some of the specific responsibilities of the Chairman amongst others, include to:</p> <ul style="list-style-type: none">a) Provide leadership, ensuring effectiveness of the Board, the governance structure and inculcating positive culture in the Boardb) Ensure integrity of the governance process and issuesc) Have regular dialogue with the CEO on the overall operational matters and consultation with the rest of the Board members promptly over matters that could be of concern to the Groupd) Ensure all Directors participate in the Board activitiese) Provide avenue for Directors to participate openly in all discussions | |
| 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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The positions of the Chairman and the CEO are held by two (2) different individuals, namely, Mr. Ding Lien Bing and Mr. Dang Tai Luk respectively.</p> <p>Both the responsibilities of the Chairman and CEO are distinct and different. The Chairman is independent and does not have any executive position within the Group, whereas the CEO is primarily responsible for the day to day management and operations of the Group.</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 1.4

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 Company has two (2) professionally qualified Company Secretaries who are experienced and qualified pursuant to Section 235 of the Companies Act 2016.</p> <p>The Company Secretaries play an advisory role, advising the Board and its Board Committees on matters pertaining to compliance, legal, regulatory framework, listing requirements, statutory requirements and best practices. They also ensure that meetings are properly convened, minutes of meetings are properly documented, and the records of resolutions passed by the Board and proceedings of Board Meetings, Board Committee Meetings, Annual General Meeting and Extraordinary General Meeting are properly and systematically maintained for ease of retrieval and future reference. In addition, they work closely with Management to facilitate the flow of timely and accurate information to the Board.</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 1.5

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 and its Committees are provided with sufficient notice of meeting together with the agenda, and the relevant meeting papers by Management at least (5) business days prior to the meetings, to allow reasonable time for the Board and/or its Committee members to review the meeting papers to prepare for the deliberation on the issues to be considered at the respective meetings.</p> <p>For each of the Board and its Committees meetings, the draft minutes are circulated to the members to ensure that the minutes of meeting accurately reflect the deliberations and decisions of the Board and/or Board Committees, including whether any Director had declared his or her interest in the matters for deliberation and abstained from voting or deliberating on the said matter. Thereafter the final minutes are confirmed and approved by the respective Chairman of the meetings at their next sitting.</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

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 has a formalised Board Charter, which sets out the roles, functions, composition, and processes of the Board. The Board Charter provides guidance to the Board in relation to the Board's role, duties, responsibilities and authorities which are in line with the principles of good corporate governance. The Board Charter acts as a point of reference for the Board members.</p> <p>The Board reviews the Board Charter from time to time and makes amendment where necessary to ensure that it remains relevant with the Board's objectives, current laws and practices.</p> <p>The Board Charter is available on the Company's website. www.mynews.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> | | |
| Measure | : | |
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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 Board is committed to establish a corporate culture that fosters common goal of achieving business profitability, whilst cultivating ethical business conducts. The Board has adopted the Code of Ethics and Conduct which upholds integrity, transparency and ethical practices of the business activity.</p> <p>A copy of the Code of Ethics and Conduct is published on the Company's website at www.mynews.com.my</p> | |
| Explanation for departure | : | | |
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| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. | | | |
| 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>A Whistleblowing Policy has been established to further enhance the Group's commitment in upholding and achieving integrity, transparency and accountability in conducting its business. The Whistleblowing Policy serves the purpose of providing avenue to all the employees and members of public to raise concerns, report or disclose any improper behaviour and conduct, miscarriage of justice damage to the environment or any act and action that can materially affect the reputation of the Group as well as the interest of the stakeholders.</p> <p>Mynews' Whistleblowing policy is available on the Company's website at www.mynews.com.my</p> <p>Any enquiries, misconduct or complaints can be forwarded to Mynews' toll free careline at 1800 88 1231 or emailed to mynewscareline@mynews.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> | | |
| Measure | : | |
| Timeframe | : | |
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Intended Outcome

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

Practice 4.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board comprises six (6) Directors, four (4) of whom are non-executive. Represented on the Board are three (3) independent Non-Executive Directors, constituting half of the Board and these independent Directors participate actively to provide independent advices, views and judgement in the decision-making process, ensuring always that a balanced and unbiased deliberation process is in place to safeguard the interest of all stakeholders. As and when a potential conflict of interest arises, it is a mandatory practice for the Directors concerned to declare their interest and abstain from the decision-making process.</p> <p>The independent Directors whose profile are set out in the Directors' Profile in the Annual Report are as follows:</p> <ul style="list-style-type: none">• Mr Ding Lien Bing <i>Independent Non-Executive Chairman</i>• Ms Soon Dee Hwee <i>Senior Independent Non-Executive Director</i>• En Mohd Suffian Bin Suboh <i>Independent Non-Executive Director</i> |
| 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

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 | : | | |
| 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

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 | : | Adopted |
| Explanation on adoption of the practice | : | The Board Charter stipulates that the tenure of an Independent Director should not exceed a consecutive or cumulative term of nine (9) years. Upon completion of the nine (9) years and if the Board intends to retain him/her as an independent director, it should justify and seek shareholders' approval at its annual general meeting ("AGM"). If the Board continues to retain the independent Director after the twelfth (12 th) year, the Board should seek shareholders' approval through a two-tier voting process at its AGM. |

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>The Board at all times promotes and welcomes diversity and gender mix in its composition and this is reflected in the Board's composition comprising of different skill sets, experience, age, gender and background.</p> <p>The Nominating Committee ("NC"), which comprises exclusively of Independent Non-Executive Directors, is responsible for making recommendation relating to any new appointment to the Board. Any nomination received shall be assessed by the NC before putting the recommendation for appointment to the Board for consideration and approval.</p> <p>For appointment of new Directors, the NC shall assess the suitability of candidates, taking into consideration the following:</p> <ul style="list-style-type: none">• Competencies – qualifications, knowledge, industrial experience and expertise, and past achievements.• Contributions – scope of appointment, role, commitment level, professionalism and integrity.• Diversity representation – appropriateness and the fulfilment of the Board's desired mix of competencies. <p>A brief description of each Director's background is presented in the Directors' Profile in the Annual Report.</p> <p>In respect of Board size and composition, the Board is of the view that its size, mix, competencies and diversity representation as well as the balance between executive, non-executive and independent Directors are adequate and in line with the Group's business operations and needs.</p> <p>Appointment of key senior management personnel was also made with due regard for diversity in skill, experience, age, gender and background. The profile of the respective key senior management personnel is set out in the Profile of Key Senior Management in the Annual Report.</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

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 Company is not a Large Company which Board must have at least 30% woman directors.</p> <p>Currently, the Board comprises six (6) members of whom one (1) is a female, representing 16.6% of the board composition. The Board is aware of the importance to promote such diversity, the normal selection criteria of a Director is based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board should remain a priority so as not to compromise on the effectiveness of carrying out the Board's functions and duties. The Board is committed in ensuring that its composition not only reflects the diversity as recommended by MCCG to the best of its ability, but also has the right mix of skills and balance to contribute to the achievement of the Company's goals and objectives.</p> <p>The Board is of the view that it's present size, mix, competencies and diversity representation are adequate and in line with the Group's current business operations and needs. The Board will ensure that women candidates are sought in its recruitment should the need arise in the future.</p> |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |

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| Measure | : | The Board will ensure that the gender diversity will be given prime consideration in its future nomination and selection of new directors to be appointed on the Board. | |
| Timeframe | : | Others | Best endeavours by the Board to ensure that the next appointment to the Board shall be a female director. |

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 | : | Applied | |
| Explanation on application of the practice | : | The NC, guided by a clear set of qualifying criteria, is responsible for identifying, assessing, and evaluating the nominated candidates for appointment to the Board to ensure the overall Board effectiveness. As an enhancement to its current process of sourcing suitable candidates for the Board, NC may also consider procuring suitable candidates from independent sources, when appropriate. There was no appointment of new Director during the financial year under review. | |
| 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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The NC comprises 3 members, all whom are Independent Non-Executive Directors and the NC is chaired by Mr Ding Lien Bing (<i>Independent Non-Executive Chairman</i>). The members and Terms of Reference of the NC are available on the Company’s website, www.mynews.com.my</p> <p>Based on the assessment carried out for the financial year under review, the Board was satisfied that the NC had fulfilled its role and discharged its duties effectively.</p> | |
| Explanation for departure | : | | |
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| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board, Board Committees and individual Directors are assessed annually by the NC on the following:</p> <ul style="list-style-type: none">• Effectiveness of the Board as a whole.• Contribution and performance of each individual Director.• Contribution and performance of each Board Committee (Audit Committee, Risk Management Committee, Remuneration Committee, Nominating Committee).• Independence of the Independent Non-Executive Director. <p>Annual assessments were conducted and each of the Directors was given the chance to provide feedbacks on the effectiveness of the Board as a whole, their individual performance and contribution to the Board. In addition, the NC members also assessed the contribution and performance of the Board Committees and each individual member. The results of all the assessments were then collated by the Company Secretaries and tabled to the NC for deliberation.</p> <p>The NC was satisfied with the effectiveness demonstrated by the Board, Board Committees and each of the Directors based on the annual assessments conducted. The assessment report was circulated to the NC members before it was deliberated in the NC meeting convened on 29 October 2018. The results affirmed that the Board and each of its Board Committees had operated effectively during the financial year under review.</p> |
| Explanation for departure | : | |
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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| 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 Company has a clear process for setting the remuneration for Directors to ensure that it is competitive to attract and retain the Directors.</p> <p>The Remuneration Committee ("RC") is responsible to review, assess and recommend the remuneration packages of the Executive Directors and the C-Level personnel and to ensure that they are sufficiently attractive to retain them with due consideration of the individual's performance, seniority, experience and scope of responsibilities.</p> <p>The Executive Directors' remuneration is designed to link rewards to the Company's and individual's performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. Additionally, in ensuring that the Directors' remuneration is in line with the market expectation and competitive to retain and attract talents, reference is made to the directors' remuneration offered by other public listed companies.</p> <p>The Executive Directors do not take part in the decision on their own remuneration. Likewise, the remuneration of the Non-Executive Directors is a matter for the Board as a whole, with individual Directors abstaining from discussion on their own remuneration.</p> <p>The activities carried out by the RC during the financial year under review are as follows:</p> <ul style="list-style-type: none">• Reviewed and approved the Service Agreement of the Executive Directors prior to recommending to the Board for execution• Reviewed and recommended to the Board for approval, the remuneration structure for staff |

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| | <ul style="list-style-type: none"> Reviewed and recommended to the Board on the Remuneration Package of the Executive Directors | |
| 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

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 RC was established to review and recommend the appropriate level of remuneration packages for the Executive Directors and C-Level personnel. In addition, the RC also looks into the Group’s bonus payout taking into consideration the Group’s performance.</p> <p>The RC carried out its duties in accordance with its Terms of Reference. The Terms of Reference of the RC is available on the Company’s website www.mynews.com.my</p> <p>Based on the assessment carried out for the financial year under review, the Board was satisfied that the RC had fulfilled its role and discharged its 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

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 disclosure on a named basis on the remuneration of individual Directors and breakdown of individual Director’s remuneration such as fees, salary, bonus, benefits in-kind and other emoluments is made in the Corporate Governance Overview Statement in the Annual Report 2018. | |
| Explanation for departure | : | | |
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| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Stakeholders are able to 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 | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | For confidentiality, the details of the remuneration, on a named basis, for top senior management are not disclosed as the Board is of the view that the disclosure of such information may put the Company in a disadvantage position given the keen competition for talent in the industry where the Group operates. | |
| | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | For the best interest of the Group and the staff concerned, the Board shall not disclose such information unless compelled by law to do so. | |
| Timeframe | : | Others | Please specify number of years. |

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 | : | 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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Chairman of the Audit Committee is not the Chairman of the Board to ensure the overall effectiveness and independence of the Audit Committee.</p> <p>The Chairman of the Audit Committee is Ms Soon Dee Hwee, whereas the Chairman of the Board is Mr Ding Lien Bing.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

| | | | |
|---|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Board shall adopt the best practice of requiring a cooling off period of at least two (2) years before a former key audit partner is to be appointed as a member of the Audit Committee. Such a requirement will be incorporated in the terms of reference of the Audit Committee.</p> <p>None of the members of the Board were former key audit partner and the Board has no intention to appoint any such person as a member of the Board at this juncture.</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 | : | Others | |

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 | : | The Audit Committee applies the best practice of ensuring a full assessment to ensure the suitability, objectivity and independence of the external auditors. | |
| | | Based on the annual assessment conducted for the financial year under review, the Audit Committee was satisfied with the performance and independence of the external auditors as well as the fulfilment of criteria based on several factors, including independence of the external auditors, quality of audit review procedures and adequacy of the firm’s expertise and its resources to carry out the audit work that they were tasked with. | |
| | | Messrs, Grant Thornton had also confirmed to the Audit Committee of its independence throughout the audit engagement in respect of the financial year under review. | |
| 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

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 | : | <p>The Audit Committee comprises members who are Independent Directors, namely: -</p> <ol style="list-style-type: none">1) Ms Soon Dee Hwee – Chairman of Audit Committee <i>Senior Independent Non- Executive Director</i>2) Mr Ding Lien Bing – Member of Audit Committee <i>Independent Non- Executive Chairman</i>3) En. Mohd Suffian Bin Suboh – Member of Audit Committee <i>Independent Non- Executive Director</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 8.5

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 Audit Committee members possess a wide range of skills, and they are financially literate and able to understand matters within the purview of the Audit Committee including the financial reporting and performance of the Group. The Audit Committee members have and will continue to attend continuous professional development programmes from time to time to address any skills or knowledge gaps according to their needs.</p> <p>Two (2) members from the Audit Committee (Ms. Soon Dee Hwee and Mr. Ding Lien Bing) are professionally qualified accountants having vast experience in the finance industry including financial reporting process.</p> | |
| Explanation for departure | : | | |
| | | | |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 9.1

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Board has the oversight responsibility on the adequacy and effectiveness of the Group's internal controls which comprises the governance, risk and controls aspects. The oversight function of these areas was delegated by the Board to the Audit Committee and Risk Management Committee.</p> <p>The Board believes that effective oversight review of risk management and internal control is important to help the Group to achieve its various objectives at many levels and having considered the risks that the Group faces whilst balancing to safeguard the interest of its many stakeholders and protect the Group's assets and investments.</p> <p>The Group adopts a 3 lines of defence structure for the governance and management of its system of internal controls. The Audit Committee is assisted by the outsourced Internal Audit Function which reports directly to the Audit Committee. The Risk Management Department provides support and facilitates the implementation of an enterprise wide risk management and internal control functions.</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 regards risk management and internal control as an integral part of business operations. An approved Enterprise Risk Management (“ERM”) Framework developed based on ISO 31000 is in place and provides guidance to both the Board and Management on risk management, governance and risk process. The framework sets out the process for risk identification, risk assessment, risk evaluation, risk treatment, monitoring and reporting of risk. Control effectiveness will be reviewed to ensure adequate controls are in place to manage the risks identified and a Risk Management Report is tabled to the Risk Management Committee on a quarterly basis.</p> <p>The Risk Management Report comprises the following:</p> <ul style="list-style-type: none">- Identification of new risks or changes in existing risks- Evaluation of risks identified and profiling of risks- Controls implemented or additional controls to be introduced- Updating of the risks register- Emerging risks- Incidents and Loss Events Reporting | |
| Explanation for departure | : | | |
| | | | |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 9.3 - Step Up

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

| | | |
|--|---|--|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | <p>The Risk Management Committee was established on 1 March 2018 and is responsible in assisting the Board by taking the responsibility of monitoring the effectiveness of the Group's approach on risk management. The Group has a formal risk management policy and framework in place. The risk management activities are supported by Risk Management Department to oversee the Group's risk management.</p> <p>The Risk Management Committee comprises majority of independent directors to give an overall fair and independent judgement during the risk management review.</p> <p>The Risk Management Committee comprises of:</p> <ol style="list-style-type: none">1) Mr Dang Tai Hock – Chairman of Risk management Committee <i>Non-Independent Non-Executive Director</i>2) Mr Ding Lien Bing – Member of Risk Management Committee <i>Independent Non-Executive Chairman</i>3) En. Mohd Suffian Bin Suboh – Member of Risk management Committee <i>Independent Non-Executive Director</i> |

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 Company has outsourced its internal audit function to Axcelasia Columbus Sdn. Bhd. ("Axcelasia"), an independent professional services firm, to assist the Audit Committee in discharging its duties and responsibilities more effectively.</p> <p>Axcelasia assists in obtaining the assurance regarding the effectiveness of the system of internal controls and reports directly to the Audit Committee on each review and its recommendation there on.</p> <p>During the financial year under review, the internal audit function had conducted the audits to assess the adequacy and effectiveness of the system of internal controls and compliance with the Group's policies and procedures over the following processes:</p> <ol style="list-style-type: none">1. Development and Management of Retail Outlets2. Merchandising and Procurement3. Logistics and Inventory Management4. Sales and Marketing5. Human Resource Management6. Petty Cash Process7. Financial Statement Close Process <p>The Audit Committee and the Board were satisfied with the performance of Axcelasia, in the provision of outsourced internal audit services to 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

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

Practice 10.2

The board should disclose—

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Group's internal audit function, which reports directly to the Audit Committee, is outsourced to Axcelasia. The Engagement Director is Mr. Mah Siew Hoong ("Mr.Mah"), who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Mr Mah is a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA).</p> <p>The number of staff deployed for the internal audit reviews was not less than four (4) staff per visit including the Engagement Director. The staff involved in the internal audit reviews possess professional qualifications and/or a university degree. Certain staff are members of the Institute of Internal Auditors 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 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 recognises the value of transparent, consistent and regular communications with its stakeholders.</p> <p>The Board ensures that the Company announces its quarterly results and issues its annual reports or announcement on material corporate exercise to its stakeholders via Bursa Securities on time.</p> <p>The Board ensures that the stakeholders are given the opportunity to speak and seek clarifications during the Company’s AGM for effective and transparent communication with its stakeholders.</p> <p>The Company also maintains a website at www.mynews.com.my for its stakeholders and the general public to access information on, amongst others, the Group’s profile, corporate profile, products, financial performance and announcements made to Bursa Securities.</p> <p>The Group also maintains a Facebook social media page with the name Mynews.com to communicate new products, promotions, new outlet openings and updates on the operational activities.</p> <p>Any request for information regarding the Group can be forwarded to:-</p> <table><tr><td>Telephone:</td><td>03-6158 6000</td></tr><tr><td>Facsimile:</td><td>03-6158 6111</td></tr><tr><td>Mynews Careline:</td><td>1800 88 1231</td></tr><tr><td>Email:</td><td>mynewscareline@mynews.com.my</td></tr></table> | Telephone: | 03-6158 6000 | Facsimile: | 03-6158 6111 | Mynews Careline: | 1800 88 1231 | Email: | mynewscareline@mynews.com.my |
| Telephone: | 03-6158 6000 | | | | | | | | | |
| Facsimile: | 03-6158 6111 | | | | | | | | | |
| Mynews Careline: | 1800 88 1231 | | | | | | | | | |
| Email: | mynewscareline@mynews.com.my | | | | | | | | | |
| | : | | | | | | | | | |

| | | |
|--|--|--|
| 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 classified a "Large Company" as defined in MCCG 2017 | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | Others | |

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 Annual Report which contains the Notice of AGM is to be sent to the shareholders at least 28 days prior to the date of the meeting to give sufficient time to shareholders to consider the resolutions to be tabled for approval by the shareholders at the AGM, except for Agenda 1 on the presentation of accounts which does not require the approval of the shareholders.</p> <p>The Notice of AGM will be announced to Bursa Securities and published in a national daily on the day the Annual Report is dispatched to the shareholders. The notice of AGM also provides detailed explanation for each of the proposed resolution to enable shareholders to make informed decisions in exercising their voting rights.</p> <p>The Notice of the Fifth (5th) AGM of the Company held on 29 March 2018 and the Notice of the Sixth (6th) AGM is dispatched on 28 February 2019, fulfilling the 28 days' notice required.</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 ensures that all Directors of the Group including the Chair of its Committees attend the AGM to address any issues that maybe raised by the shareholders.</p> <p>The AGM is a principal forum for dialogue with shareholders where questions and answers regarding the proposed resolutions and matters relating to the Group's business are explained.</p> <p>During the Company's fifth (5th) AGM held on 29 March 2018, all Directors attended the meeting.</p> |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |
| | | |

Intended Outcome

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 Company held its Fifth (5th) AGM in 2018 at The Club, Bukit Utama Golf Resort, 1 Club Drive, Bukit Utama, Bandar Utama, 47800, Petaling Jaya which was easily accessible to its shareholders. A total of 89.5% of shareholders have represented the participation on the AGM voting.</p> <p>Shareholders who were unable to attend the AGM could appoint a proxy to attend and participate in the AGM.</p> <p>The voting on all resolutions tabled at the Fifth (5th) AGM and its EGM on 5 December 2018 was by way of poll as permitted by the Listing Requirements. The detailed results of the voting in terms of number of votes and percentage for and against the respective resolution were announced to Bursa Securities after the meeting.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | At the forthcoming sixth (6 th) AGM, the Company will table its proposed Constitution pursuant to the Companies Act 2016 for adoption. Therein the Constitution will be the provision for the Company to permit voting in absentia and remote shareholders' participation in general meetings. |
| Timeframe | : | Others |
| | | The Board shall use its best endeavours to leverage on such technologies for its general meetings. |

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

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

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