

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0084
COMPANY NAME : TECHFAST 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 of Directors (the Board) of Techfast Holdings Berhad (Techfast or the Company) is committed to exhibit high standards of corporate governance. In fulfilling its role as stewards of the Company and its subsidiaries (collectively referred to as the Group), the Board is dedicated to discharge its duties with due care, skill and diligence.</p> <p>The Techfast Board Charter was developed and spells out the responsibilities of the directors as follows:</p> <ul style="list-style-type: none">a) Formulate, review, evaluate, adopt and approve the strategic plans and policies for the Company and the Group;b) Oversee and monitor the conduct of businesses and financial performance and major capital commitments of the Company and the Group;c) Review and adopt financial results of the Company and the Group, monitor compliance with applicable accounting standards and the integrity and adequacy of financial information disclosure;d) Formulate, review and approve major corporate proposals such as business acquisitions, new business ventures or joint ventures of the Group;e) Identify principal risks and assess the appropriate risk management systems to be implemented to manage these risks;f) Establish and oversee human resource planning for the Company and the Group including the remuneration and compensation policy thereof;

	<p>g) Review and determine the adequacy and integrity of the internal control systems and management information of the Company and of the Group;</p> <p>h) Deliberate on proposals presented and recommended, including those proposed by its committees; and</p> <p>i) Formulate, review and approve policies relating to the Company such as any branding and investor relations and shareholder communication initiatives.</p> <p>In addition, the Board also entrusts certain functions to its Board Committees, established by the Board. The Chairman of each Committee then reports to the Board following any of the Committee meetings held. Minutes of Committee meetings are also disseminated to the Board for their perusal.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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>Mr. Lim Tock Ooi is the Executive Chairman of the Company. His profile can be viewed on page 13 of the Company's Annual Report. He provides leadership so that the Board can perform its responsibilities effectively.</p> <p>The Chairman is responsible for, amongst others:</p> <ul style="list-style-type: none">• Leading the Board in setting the values and standards of the Company;• Encouraging all Directors to play an active role in Board activities; and• Ensuring the provision of accurate, timely and clear information to Directors. <p>The Chairman, together with the Company Secretary sets the agenda of each Board Meeting. He ensures that Directors receive Board papers in a timely manner and that Directors are properly briefed on issues arising in Board meetings. During Board meetings, the Chairman leads the discussion, allowing sufficient time for deliberations on key issues and complex matters. He also encourages active participation and allows views including dissent to be freely expressed.</p> <p>The Chairman plays a key role in the conduct of the General Meetings. Besides ensuring the proper flow of resolutions tabled at the meeting, he manages the communication on the floor. He further encourages active participation from shareholders and allows a generous amount of time during the questions and answer session of the General 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	:		
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Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles of the Chairman and Managing Director in the Board of Directors are divided. Mr. Lim Tock Ooi, who is the Executive Chairman, is responsible for the Board's effectiveness and conduct as well as spearheading the strategic direction of the Group. The Executive Chairman will ensure that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted. Having a professional background in finance and accounting, he is also in charge of strategic financial resource planning and oversees the areas of financial reporting and compliance.</p> <p>Despite the Chairman not being an Independent Non-Executive Director, he is one of the founding members of the Group and has deep knowledge and experience to navigate the strategic plan for the Group. The presence of the three (3) Independent Directors, who form the majority of the Board members, provide the necessary checks and balances on the decision making process at the Board. The significant contributions of the independent directors in the decision making process is evidenced in their participation as members of the various Board committees.</p> <p>Mr. Yap Yoon Sing, who is the Group Managing Director and plays the role of the Chief Executive Officer, is primarily responsible for the overall management of day-to-day business operations and implementation of key business decisions at the Group. He also brings relevant business developmental plans to the Board, motivates employees and drives the change and innovation for organic growth within 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

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 Joint Company Secretaries of Techfast are Ms. Chin Ooi Wee and Ms. Lim Li Shiang. Ms. Chin is an affiliate member of The Malaysian Institute of Chartered Secretaries and Administrator and has 25 years of professional experience in the field. She is qualified to hold the position under Section 235 of the Companies Act, 2016 and was appointed as Company Secretary of Techfast Holdings Berhad on 5 April 2004.</p> <p>Ms. Lim is a Fellow of the Chartered Accountant Australia and New Zealand and also a member of Malaysia Institute of Accountants. She is also a Chartered Financial Analyst and is qualified to hold the position of Company Secretary under Section 235 of the Companies Act, 2016. She was appointed as joint Company Secretary of the Company on 27 August 2008.</p> <p>The Company Secretaries play an advisory role to the Board, particularly with regard to the Company's constitution and Board policies and procedures as well as compliance with relevant rules and regulations. The Company Secretaries will advise the Board on any updates relating to new statutory and relevant regulatory requirements pertaining to the duties and responsibilities of the Directors as and when necessary. Any additional information requested by Directors is readily available, wherever possible.</p> <p>Minutes of all meetings are maintained as a record of proceedings carried out. The Company Secretaries are also responsible in ensuring that board meeting procedures are followed and all statutory records of the Company are properly maintained at the Registered Office of the Company.</p> <p>The Company Secretaries had a direct functional reporting line to the Executive Chairman and have been accorded appropriate standing and authority to enable the discharge of duties in an impartial manner.</p>

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

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of information supply in promoting informed Board discussions and deliberations. The notices of the Board meetings, which include the agenda of the meeting, are circulated to Board members at least 7 days before the meeting.</p> <p>The Board papers are circulated in sufficient time to Board members to enable them to have an overview of matters to be discussed or reviewed at the meetings and seek further clarifications, if any. The Directors are provided with Notices of Board Meetings and Board papers for each agenda for scheduled meetings. The Board papers include reports on the Group's Financial Statements, variance analysis of financial performance and relevant corporate developments and proposals prepared by the management team as and when they arise.</p> <p>These are despatched to the Board members in physical hard copies usually at least seven (7) calendar days before the scheduled Board meetings. Soft copies of board papers are also emailed via attachments to Board Members prior to the despatch of the hard copies.</p> <p>The deliberations and conclusions of issues discussed in the Board meetings are duly recorded in the Board minutes. The draft minutes is ready for review by the Chairman within 7-14 days and thereafter, confirmed and signed by the Chairman as record of true proceedings at the following meeting.</p> <p>The decisions made at the Board meetings are also communicated to Management in a timely manner to ensure appropriate execution.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised and adopted a Board Charter to serve as a source reference and primary induction literature, insights to existing and prospective Board members to assist the Board in the performance of their fiduciary duties as Directors of the Company. The Board Charter would also be good point of reference for any new Board Directors upon appointment. The newly formalised Board Charter merely ratified and documented the practices that had been in place.</p> <p>The Board Charter addresses, amongst others, the following matters:</p> <ul style="list-style-type: none"> • responsibilities of the Board; • matters reserved for the Board; • composition of the Board; • independence issues; • segregation of roles of directors; • appointment and re-appointment to the Board; • Board meetings and Board committees; and • Directors Code of Ethics. <p>The Board Charter covered responsibilities of the Board, matters reserved for the Board, composition and independence of the Board of Directors. It also detailed segregation of roles between the executive and non-executive directors and the senior independent non-executive directors. The Directors Code of Conduct was also detailed in the Board Charter and may be accessed on the Company website www.techfast.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	Applied	
Explanation on application of the practice	: The Directors’ Code of Ethics had been incorporated into the Board Charter. This sets the top-down tone for the senior management of the Company. The Company otherwise has a human resources handbook for all employees which stipulates acceptable code of conduct for all employees.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board believed that having a Whistle Blowing Policy in place strengthens, supports good management and at the same time demonstrates accountability, good risk management and sound corporate governance practices. A Whistle-Blowing Policy was adopted by the Board in year 2017.</p> <p>The Whistle Blowing policy sets out channels and procedures for all employees to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, and in an appropriate way. The policy is set in place to ensure that employees can raise concerns without fear of reprisals and safeguard such person's confidentiality. This policy not only deals with financial reporting but also covers fraud, corruption, bribery or blackmail, criminal offences, failure to comply with legal or regulatory obligation, miscarriage of justice, endangerment of an individual's health and safety and concealment of the mentioned.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board consists of five (5) members, three (3) of which are Independent Non-Executive Directors, namely:</p> <ul style="list-style-type: none">• Mr. Yap Kok Ching;• Mr. Aun Ah Thim; and• Datuk Chan Chong Choon. <p>The presence of Independent Non-Executive Directors all of whom are of sufficient calibre and experience, bring objectivity, balance and independent judgement to the decision-making process of the Board.</p> <p>Additionally, Mr. Yap Kok Ching is also designated as the Senior Independent Non-Executive Director, to whom all concerns regarding the Group may be conveyed. He is an additional channel for Independent Directors to voice their concerns that they believe may not have been adequately considered or any matters that they feel may not be appropriate for an open forum.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	: Applied - Two Tier Voting
Explanation on application of the practice	<p>The Board is of the view that the independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years. Their familiarity with the operations and the employees also provide a comfortable environment where staff is able to approach the Independent Director for direct consult at any time. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his/her responsibilities in the best interest of the Company should be the predominant factors to determine the ability of a Director to serve effectively as an Independent Director.</p> <p>The Board is also confident that the Independent Directors themselves, after having provided all relevant confirmations on their independence, will be able to determine if they can continue to bring independence and objective judgement on Board deliberations and decision making.</p> <p>Mr. Yap Kok Ching and Mr. Aun Ah Thim, both of whom are Independent Directors who have served for more than nine (9) years. The Board has proposed to retain them as an Independent Directors notwithstanding their service tenure of more than nine (9) years as an Independent Director after the assessment and recommendation by the Nomination Committee.</p> <p>The Board will seek the approval of shareholders of the Company to retain both Mr. Aun Ah Thim and Mr. Yap Kok Ching at the forthcoming AGM as Independent Directors. As for Mr. Yap Kok Ching, his approval for retention will be via a two-tier voting process by shareholders of the Company.</p>

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

Intended Outcome

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 Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and socio- economic background and recognises the benefits of this diversity. The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority.</p> <p>The Nominating Committee is responsible to lead the process for the nomination of new Board appointments and making the necessary recommendations. In this respect, the role of the Nominating Committee is detailed in its Terms of Reference, which is accessible for reference on the Group’s website on www.techfast.com.my.</p> <p>In making its recommendations to the Board, the Nominating Committee considers and assess the suitability of a new appointment based on objective criteria, including:</p> <ul style="list-style-type: none"> • Qualification; • Required competencies, skills, expertise and experience; • Specialist knowledge or technical skills; • Professionalism and integrity; and • Time commitment to the Company.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board recognises the government's call for gender diversity with boards of directors of companies to be represented by at least 30% women directors. The Board is mindful that any gender representation should be in the best interest of the Company.</p> <p>There is currently no female director in the Company and the Board had not formalised a gender diversity policy detailing targets and measures. Women participation will be considered as and when vacancies arise and when suitable candidates are identified, underpinned by the primary objective of selecting the best candidate to support the overall Company's strategic objectives. However, the issue of diversity was discussed during deliberations by the Nomination Committee and the Board.</p> <p>The Board will take steps towards formalising such a policy, targets and measures to reflect the Company's commitment towards gender diversity.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board delegates to the Nomination Committee the responsibility for recommending suitable candidates for Directorships to the Board. In undertaking this responsibility, the Nomination Committee is open to all recommendations for suitable candidates from all sources.</p> <p>The Nomination Committee may receive suggestions from existing Board members, Management and major shareholders. The Committee is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	The Nomination Committee is chaired by Independent Non-Executive Director, Mr. Aun Ah Thim. The members of the Nomination Committee are as follows: <ul style="list-style-type: none">• Mr. Aun Ah Thim (Chairman, Independent Non-Executive Director)• Mr. Yap Kok Ching (Independent Non-Executive Director)• Datuk Chan Chong Choon (Independent Non-Executive 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 Nomination Committee is tasked with evaluating the effectiveness of the Board, Board Committees and the performance of each individual director. The evaluation involved the Committee members completing separate questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered.</p> <p>The evaluation process also involved peer and self-review assessments, where Directors would assess their own performance and that of their fellow Directors. These assessments and comments were then discussed amongst the Nomination Committee members and a collective conclusion was reported to 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

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 Remuneration Committee assists the Board in ensuring that Executive Directors and key senior management staff of the Group are fairly compensated for their individual contributions to the Group's overall performance.</p> <p>The Remuneration Committee comprises majority Independent Non-Executive Directors as follows:</p> <ul style="list-style-type: none">• Mr. Yap Kok Ching (Chairman, Independent Non-Executive Director)• Mr. Lim Tock Ooi (Executive Director)• Mr. Aun Ah Thim (Independent Non-Executive Director) <p>The Remuneration Committee is responsible for reviewing the remuneration packages and reward structure for the Board members and senior key management personnel.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Terms of Reference of the Remuneration Committee are published on the Company website, www.techfast.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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Group successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.</p> <p>The directors' fees to Non-Executive Directors is approved by shareholders at the AGM of the Company, as prescribed by the Company's Constitution and the Companies Act, 2016. The details for the remuneration of Directors by named basis for the financial year ended 31 December 2017 are disclosed in the Annual Report.</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 7.2

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 Company departs from Practice 7.2 of the MCGG due to security and confidentiality concerns. Disclosure could result in adverse implication including dissatisfaction and unhappiness among the staff in the event that the Company discloses salary, bonus, benefits-in-kind and other emoluments of the senior management on a named basis.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee of the Company is chaired by Senior Independent Non-Executive Director, Mr. Yap Kok Ching. Chairman of the Board is Mr. Lim Tock Ooi.</p> <p>Mr. Yap Kok Ching has the necessary qualifications and professional experience to lead discussions and deliberations on Audit Committee findings and recommendations. His full profile can be viewed in the Profile of Directors' section of the Annual Report.</p> <p>The other members of the Audit Committee are Independent Non-Executive Directors.</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 Audit Committee comprises 3 Independent Non-Executive Directors, all of whom never held senior roles nor were partners in the Company's firm of external auditors.</p> <p>As a measure to safeguard the independence and objectivity of the audit process, the Audit Committee had incorporated the policy for the appointment of former key audit partners from external audit firms of the Company to the Audit Committee.</p> <p>The terms of reference of the Audit Committee was amended and adopted at the Board meeting held on 5 April 2018 to include that a former key audit partner would need to observe a cooling-off period of at least 2 years before being appointed as a member of the Audit Committee of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee is responsible for assessing the capabilities and independence of the external auditor and in making subsequent recommendations to the Board on appointments, re-appointments and terminations. The Audit Committee performs its assessments vis-à-vis practices that are dictated by its terms of reference. The terms of reference of the Audit Committee is available on the Company website: www.techfast.com.my.</p> <p>During the financial year ended 31 December 2017, the Audit Committee had a private session with the external auditors, Messrs. Tai, Yapp & Co., on 6 April 2017, in absence of Management and Executive Directors. The Audit Committee also monitored and reviewed the performance and independence of Messrs. Tai, Yapp & Co., and is satisfied that the external auditor was independent throughout the conduct of the audit process. The audit services rendered have met the quality expected by the Committee.</p> <p>For the audit for the financial year ended 31 December 2017, the Audit Committee was further assured by the external auditors via a written confirmation that their personnel were and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Pursuant to the assessment on the suitability and independence of the external auditor, the Audit Committee made its recommendation to the Board on the re-appointment on the external auditor.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

There is 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 members comprise 3 members whom are all Independent Non-Executive Directors. They are: <ul style="list-style-type: none">• Yap Kok Ching (Chairman, Independent Non-Executive Director)• Aun Ah Thim (Independent Non-Executive Director)• Datuk Chan Chong Choon (Independent Non-Executive Director)

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 is chaired by Mr. Yap Kok Ching, whose background is in finance and accounting. He is also a member of the Malaysian Institute of Accountants. The other two Audit Committee members are lawyers by profession with exposure to varied industries in their practice.</p> <p>All Audit Committee members are aware of the need for continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>Among the key concern of the Board and the Audit Committee members was the introduction of the new financial reporting standard, MFRS 9 Financial Instruments. As such, the Audit Committee members had requested the external auditors brief the members on the implications of MFRS 9 and the readiness of the Company in the adoption of the new accounting standard.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had established its risk management and internal control framework as set out in the Statement of Risk Management and Internal Control in the Annual Report.</p> <p>The Board acknowledges its responsibility for the Group's system of internal control which encompasses financial, compliance and operations controls of the Group. However, the Board is aware that the systems of internal controls are only in place to mitigate risks but not an absolute assurance against material misstatement and loss.</p> <p>Further details of the Group's risk and internal controls during the financial year ended 31 December 2017 are detailed in the Statement of Risk Management and Internal Control in the Annual Report.</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	:	The Board has disclosed key features of its risk management and internal control system in the Statement of Risk Management and Internal Control in the Annual Report.	
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 9.3 - 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 internal audit function of the Group is outsourced to an independent professional firm. A representative from the independent professional firm reports directly to the Audit Committee on its internal audit findings and makes recommendations for improvements in the system of internal controls.</p> <p>The work performed by the internal auditors were disclosed in the Annual Report under the Audit Committee report.</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 independent professional firm, to which the internal audit function of the Group is outsourced to, is free from any relationships or conflicts of interest, which would impair their objectivity and independence.</p> <p>Further details of Internal Audit function, including the resources and qualification of the Executive Director, who is the main client representative from the independent professional firm, are disclosed in the Audit Committee Report section of the Annual Report.</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 publishes immediately all the latest quarterly reports through the Investor Relations section on the Company's website.</p> <p>The Annual General Meeting is a vital and principal forum for dialogues with shareholders of the Company. The General Meetings provide important platforms for Directors and Senior Management personnel to engage with shareholders to facilitate greater understanding of the Group's business developments and its financial performance.</p> <p>In attendance during General Meetings are the Directors, Senior Management personnel and external auditors who are available to answer any enquiries from shareholders.</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 will assess the requirements and resources to adopt integrated reporting in the future.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The notice of the 14 th Annual General Meeting to be held on 25 May 2018, was despatched to shareholders on 25 April 2018, which is more than 28 days before the AGM. The notice of AGM outlines the resolutions to be tabled during the same meeting and is accompanied with explanatory notes and background information where applicable.	
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 acknowledges its responsibility to engage shareholders in meaningful responses to their questions during the Annual General Meetings (AGM). All Directors attended the 13th AGM held in the year 2017.</p> <p>The AGM of the Company is typically scheduled and date is locked in at the beginning of the year, at the Board meeting held in February. The date is locked in, taking into account the availability of all Directors and they in turn, commit their attendance at the AGM.</p> <p>The Chairman of the Board encourages active participation by shareholders present at the AGM and gives sufficient time to the answer and question session.</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 :	The AGM of the Company has historically always been held in the Kuala Lumpur city centre. The Company has utilised the venue at Hotel Melia and Bankers' Club in prior years and this year's AGM will be held at Hotel Royal Kuala Lumpur. The Company intends to continue with venues in this vicinity in the future.	
	The Company does not have a large number of shareholders and had not held past meetings in remote locations and does not intend to have meetings in remote locations in the future.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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

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

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