

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0186

COMPANY NAME : PERAK TRANSIT BERHAD

FINANCIAL YEAR : 31 DECEMBER 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.*

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
<p>Explanation on: application of the practice</p>	<p>The Board retains full and effective control of the Company. This includes responsibility for determining the Company's overall strategic direction as well as development and control of the Group.</p> <p>The Board reviews the strategy and business plan periodically and assess the Company's performance in meeting the objectives and goal of the Company.</p> <p>The Board assumes, amongst others, the following duties and responsibilities:</p> <ul style="list-style-type: none"> (a) review and adopt the strategic and business plans for the Group; (b) oversee the conduct and performance of the Group's businesses; (c) review, identify and effectively manage the principal risks affecting the Group; (d) review the adequacy and integrity of the management information and internal control systems of the Group; (e) establish and implement succession planning for business continuity; and (f) maintain effective communication with various stakeholders including shareholders and the general public. <p>The following are matters which are specifically reserved for the Board:</p> <ul style="list-style-type: none"> (a) approval of corporate and annual operating plans of the Group; (b) approval of interim and annual financial results of the Group, including the Annual Report; (c) approval of the internal and external audit plans;

	<ul style="list-style-type: none"> (d) approval of any significant change in the accounting policies and practices; (e) approval of the Risk Management Framework and Risk Management Report for the Group; (f) approval of any interim dividend, recommendation of the final dividend and the dividend policy; (g) approval of changes to the management and control structure within the Group, including key policies, delegated authority limits. (h) approval for the establishment of the Board Committees and their terms of reference; (i) approval of new ventures and major investments; (j) approval of material acquisitions and disposals of undertakings and properties; and (k) approval of major borrowing or giving of security over assets. <p>In order to assist the Board in the discharge of its responsibilities, the Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference.</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 1.2

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

Application :	Applied	
Explanation on application of the practice :	<p>The Chairman is responsible for the oversight, leadership, effectiveness, conduct and governance of the Board.</p> <p>The Chairman provides support to the management in performing their responsibilities, leading board meetings and discussion by encouraging active participation and allowing dissenting views to be freely expressed.</p> <p>The responsibilities of the Chairman, amongst others, are as follows:</p> <ul style="list-style-type: none">(a) To lead the Board in the oversight of management and ensures its effectiveness of all aspects of its role;(b) To ensure the directors are effectively apprised on the business and operations of the Group;(c) To facilitate the effective contribution of all directors at Board meetings;(d) To ensure decisions are arrived after taking into consideration the interests of shareholders, employees, customers and other stakeholders; and(e) To ensure the integrity and effectiveness of the relationships between the directors, and between the Board and management.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.3

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

Application :	Applied	
Explanation on application of the practice :	<p>Tan Sri Dato' Chang Ko Youn assumes the position of Chairman of the Board while Dato' Sri Cheong Kong Fitt holds the position of Managing Director.</p> <p>The Chairman is responsible for the oversight, leadership, effectiveness, conduct and governance of the Board. The Managing Director, supported by his Management team, is responsible for the day-to-day management of the Group's businesses, which includes implementing the policies and decisions of the Board, overseeing the operations to ensure organizational effectiveness, and managing the development and implementation of the businesses and corporate strategies. The Managing Director also assesses business opportunities which are of potential benefit to the Group.</p> <p>The Managing Director reports to the Chairman with respect to matters concerning the Board members and is obliged to report and discuss at board meetings all material matters currently or potentially affecting the Group and its performance, including all strategic projects and regulatory developments. Such materials and other relevant matters should be brought to the attention of the Board in an accurate and timely manner.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary of the Company is qualified to act as company secretary under Section 235(2) of the Companies Act 2016. The Company Secretary reports directly to the Board and plays an advisory role to the Board and Board Committees, particularly with regard to their policies and procedures and the Company's compliance with regulatory requirements, rules, guidelines and legislation, as well as the best practices of corporate governance.</p> <p>All directors have access to the advice and services of the Company Secretary and are updated on the changes in the regulatory framework and corporate governance practices. The Company Secretary provides support to the Board in ensuring that the applicable rules and regulations are complied with as well as that the governance structure of the Group remains relevant and effective.</p> <p>The Company Secretary attends all meetings of the Board and Board Committees and ensures that meeting procedures are followed and deliberations and proceedings at the meetings are accurately recorded and well-documented.</p> <p>The Company Secretary constantly keeps himself abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes. He has also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia.</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 1.5

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>Prior to each Board meeting, directors are sent an agenda and a full set of Board papers for each agenda item prepared and presented in a concise and comprehensive manner so that the directors have a proper and relevant depiction of the issues to be discussed at the meeting.</p> <p>This is issued in sufficient time to enable the directors to obtain further explanations, where necessary.</p> <p>The Board papers for each agenda item together with the minutes of the previous meeting are circulated at least one week prior to the meeting, on availability.</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 Company has formalised a Board Charter which clearly set out the composition, roles and responsibilities of the Board and Board committees and the processes and procedures for convening their meetings. The Board Charter serves as a reference providing prospective and existing members of the Board and management insight into the fiduciary duties of directors.</p> <p>The Board Charter is available for reference on the Company's website at www.peraktransit.com.my.</p> <p>The Board Charter identifies the issues which required the decision of the Board, defines and clearly separates the roles of the Chairman and Managing Director, board meeting processes and continuing education and development of the directors.</p> <p>The Board shall review the Board Charter on a regular basis to keep up to date with changes in Listing Requirements of Bursa Malaysia Securities Berhad, other regulation and best practices and ensure its effectiveness and relevance to Board's objectives.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application :	Applied
Explanation on application of the practice :	<p>The Board has adopted a Code of Conduct (“Code”) to set out the principles and standards of business conduct of the Group. The Code is to assist and guide all directors, officers and employees (including full time, probationary, contract and temporary staff) of the Group in defining the ethical standards and business conduct at work, which collectively leads and is responsible for the success of the Group.</p> <p>The Code can be viewed on the Company's website at www.peraktransit.com.my</p> <p>The Code covers the following core areas of conduct:</p> <ul style="list-style-type: none">• Compliance with laws and regulations• No conflict of interests• Maintenance of confidential information• Safeguard insider information• Protection of properties, assets, business records and control• Health and safety• Fair and courteous behaviour• Misconduct <p>The Code serves as both an internal guideline and an external statement of corporate values and commitment and act as a central point of reference for employees to support day-to-day decision-making.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Whistle Blowing Policy to promote and support its culture of honest and ethical behaviour. The policy encourages the employees to raise any concerns and report instances of unethical, illegal or fraudulent behaviour or any other matter that may contravene the Company's Code of Conduct, policies or laws. The intended objectives of the policy are as follows:</p> <ul style="list-style-type: none"> (a) To provide avenues for the employees to raise concerns and define ways to handle these concerns; (b) To enable the management of the Group to be informed at an early stage about acts of misconduct; (c) To reassure the employees that they will be protected from punishment or unfair treatment for disclosing concerns in good faith in accordance with this policy; and (d) To help develop a culture of integrity, openness and accountability. <p>The policy is intended to provide and facilitate a mechanism where an employee can report or disclose through established channels, concerns about any violations of the Code of Conduct, unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place, has taken place, or may take place in the future.</p> <ul style="list-style-type: none"> (a) The Company shall treat all reports or disclosures as sensitive and will only reveal information on a "need to know" basis or if required by law, court or authority. The identity and particulars of the employee shall also be kept private and confidential unless the employee chose to reveal his/her identity. (b) All reports will be investigated promptly by the person receiving the report or disclosure. If required, he can obtain assistance from the appropriate departments within the Group. (c) Upon completion of investigation, appropriate course of action will be recommended to the Board for their deliberation no later than at the next scheduled meeting. Decision taken by the Board will be implemented immediately. Where possible, steps will also be implemented to prevent similar situation arising.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has 6 members in which 4 are independent directors, including the Chairman of the Board.</p> <p>More than half of the Board members are independent directors. This higher proportion of independent directors will alleviate boardroom dominance, stereotype discussions and complacency.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:	<p>The Board is aware that the tenure of Independent Directors shall not to exceed a cumulative term of 9 years. Upon completion of the 9 years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director.</p> <p>The Board believes that the length of service of the independent director on the Board does not interfere with their exercise of independent judgment and act in the best interest of the Group notably in discharging their roles. The Board shall undertake further assessment on independence of its independent directors whose tenure exceeds the cumulative term of 9 years.</p> <p>The tenure of all 4 Independent Directors of the Company has yet to exceed the cumulative term of 9 years as at the end of the financial year 2018.</p> <p>In determining the independence of individual directors, the Board, through the Nomination Committee conducts assessment on the independent directors of the Company annually. In addition, each Independent Director is required to declare his independence annually.</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 :	Adopted
Explanation on: adoption of the practice	<p>The terms of reference of the Nomination Committee stated that the Nomination Committee shall review, appraise and report to the Board on an annual basis, the tenure of Independent Directors not to exceed a cumulative term of nine years.</p> <p>Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.</p> <p>To retain as an Independent Director, the Board must justify and seek shareholders' approval for the person who has served in that capacity for more than nine years.</p> <p>In determining the independence of individual directors, the Board, through the Nomination Committee conducts assessment on the independent directors of the Company annually. In addition, each Independent Director is required to declare his independence annually</p>

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee recommends to the Board, candidates for all directorships on the Boards of the Company taking into consideration for a good mix of members with diverse experiences background to provide for a collective range of skills, expertise and experience which are relevant to support the growth and cope with the complexities of the Group's businesses.</p> <p>The Nomination Committee considers the following criteria prior to perform the selection process of new candidates for recommendation to the Board :</p> <ul style="list-style-type: none"> a) skills, knowledge, expertise, experience, competence, professionalism, integrity, reliability, age, gender and other factors which achieve the business goals; b) time commitment to serve the Board; and c) composition requirements for the Board committees. <p>The section process of new candidates for the appointment to the Board are as follows:</p> <ul style="list-style-type: none"> a) review the existing Board composition to identify the expertise required; b) screen through to identify the potential candidates; c) evaluate the potential candidates; d) shortlist and assess the candidates who possess the expertise required and time commitment to the Board; and e) recommend to the Board for approval. <p>The ultimate responsibility for the final decision, however, lies with 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

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

Practice 4.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of diversity in determining the optimum composition of the Board and amongst its workforce, including but not limited to race, ethnicity, age, gender, skills, experience, exposure and competencies.</p> <p>The Board considers that gender diversity contributes positively to the performance of the Board which is vital to the sustainability of the Group's businesses.</p> <p>The Board, through the Nomination Committee, continuously reviews the composition of the Board and source for suitable directors to include consideration on gender diversity.</p> <p>Currently, the Board has 1 female director out of a total of 6 directors, representing approximately 17% of women participation in the boardroom.</p> <p>The Board will actively work towards identifying suitably female directors to be appointed to the Board to meet at least 30% women directors.</p> <p>The Board recognises that the evolution of the diversity is a long process and weighs the various factors relevant to board balance and diversity when vacancies arise.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application :	Applied	
Explanation on application of the practice :	<p>The Nomination Committee is responsible for proposing new nominees for appointment to the Board. The Committee considers and recommends to the Board candidates of sufficient calibre, knowledge, integrity, reliability, professionalism and experience to fulfill the duties of a director.</p> <p>Currently, the sources to identify suitably qualified candidates for appointment of directors are on recommendations from existing board members, senior management or major shareholders.</p> <p>The Nomination Committee will utilise independent sources to identify candidates for appointment of directors if the need arises.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The terms of reference of the Nomination Committee stated that the Nomination Committee shall be appointed by the Board from amongst their members (who are not alternate directors), comprising at least 3 members who are exclusively Non-Executive Directors, with a majority of them being Independent Directors. The Chairman of the Nomination Committee shall be the Senior Independent Director.</p> <p>The Nomination Committee comprises 3 members, all of them are independent directors, chaired by the Senior Independent Director, Tan Sri Dato' Chang Ko Youn.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through the Nomination Committee, conducts annual assessment of each individual director under the evaluation process to ensure the effectiveness of the Board as a whole. The assessment of directors is an examination of each director's ability to contribute to the effective decision making of the Board.</p> <p>The Nomination Committee conducts annual review of the term of office performance of the Audit Committee as a whole and each of its members annually and assess whether the Audit Committee as a whole and each of its members have carried out their duties in accordance with its terms of reference.</p> <p>The Nomination Committee has discussed the manner to perform the annual evaluation and agreed that for Board evaluation, each member shall assess the Board as a whole while for annual review of the Audit Committee, the review to be conducted on a self and peer evaluations basis.</p> <p>The evaluation process involved in distributing a tailored set of questionnaires for completion by the directors and the Audit Committee. The completed questionnaires will be forwarded to the company secretary for compilation. The results were then discussed by the Nomination Committee and then presented to the Board.</p> <p>The overall results of the evaluation process and the improvements recommended thereon are to be presented by the Chairman of the Nomination Committee to the Board in respect of the performance of the Audit Committee and the Board as a whole.</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>For the remuneration policy, the Remuneration Committee reviews the directors' salaries, directors' fees, attendance allowance and other benefits for the directors of the Company.</p> <p>In determining the executive and non-executive directors' remuneration packages of the Company, the remuneration is structured so as to link rewards to individual performance, reflecting the experience and level of responsibilities undertaken by the individual concerned, benched against industry standards and market competitiveness in light of the performance of the Company and its subsidiaries in the industry and in accordance with the financial resources available in the Company.</p> <p>The ultimate decision to determine the level of remuneration for executive directors shall be the responsibility of the Board as a whole after considering the recommendations from the Remuneration Committee.</p> <p>The decision to determine the level of remuneration for non-executive directors shall be the responsibility of the Board as a whole after considering the recommendations from the Remuneration Committee with ultimate approval of shareholders at the AGM.</p> <p>Directors, whether executive or non-executive, shall not participate in decisions on their own remuneration packages.</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 Remuneration Committee comprises 3 members, all of them are independent directors.	
		The duties and responsibilities of the Remuneration Committee are set out in the terms of reference of the Committee.	
		The terms of reference of the Remuneration Committee can be viewed on the Company's website at www.peraktransit.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	:	Detailed disclosure on named basis for the remuneration of individual directors is made in the Corporate Governance Overview Statement. The detailed disclosure allows shareholders to make an informed decision when voting on the approval of directors' remuneration and to consider the appropriate remuneration package taking into account the responsibilities of the directors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the view that the non-disclosure on named basis for the top senior management of the Company will not significantly affect the understanding and the evaluation of the Group's governance and to ensure confidentiality of the remuneration of the top senior management of the Company.	
<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	The Board is of the view that the non-disclosure on named basis for each member of the senior management of the Company will not significantly affect the understanding and evaluation of the Group's governance and to ensure confidentiality of the remuneration of the senior management of the Company.

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 Chairmanship of the Audit Committee and the Board are held by different person.</p> <p>Mr Ng Wai Luen is the Chairman of the Audit Committee while Tan Sri Dato' Chang Ko Youn is the Chairman of 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

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 would look to adopt the 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.</p> <p>The Board has not ever considered the appointment of former key audit partner as a director. Hence, the appointment of former audit partner as a member of the Audit Committee does not arise.</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 conducts an annual assessment of the suitability, objectivity and independence of the external auditors by considering among other –</p> <ul style="list-style-type: none"> • the performance, competence, audit quality, sufficiency of resources and allocation of audit staff assigned to the audit; • the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and • obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. <p>Having regard to the outcome of the annual assessment of external auditors and recommendation by the Audit Committee, the Board will seek the shareholders' approval at the Annual General Meeting of the Company for the appointment of auditors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Adopted
Explanation on: adoption of the practice	The terms of reference of the Audit Committee provide for the appointment by the Board from amongst its members (who are not alternate directors or executive directors), comprising at least 3 members with a majority of them being independent directors. Currently, the Audit Committee comprises 3 members, all of them are independent directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee comprises 3 independent directors with appropriate mix of skill and experience, including financially literate.</p> <p>As part of the Directors' Training Need, all members of the Audit Committee has attended seminars and training programmes. They are encouraged to continuously undertake training and regularly update and refresh their skills and knowledge to enable them to effectively discharge their duties.</p> <p>The Board is satisfied that the Audit Committee composed of members with appropriate mix of skill and experience to meet the Company's requirements and for the Audit Committee and its members discharged their functions, duties and responsibilities in accordance with its terms of reference.</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 has established a framework to formulate and review risk management policies and risk strategies. The Board is of the view that the current system of risk management and internal control in place through the Group is sufficient to safeguard the Group's assets and shareholders' investment.</p> <p>The Board has formed a Risk Management Working Group Committee, headed by the Managing Director and the Executive Director, and the three other members are the Chief Financial Officer, Administration and Finance Manager and Finance Manager, and placed it under the purview of the Audit Committee to identify the risk and findings.</p> <p>The Board has adopted Enterprise-Wide Risk Management Report, Risk Management Policy and Risk Appetite to identify, analyse, evaluate, manager and monitor significant financial and non-financial risks of the Company.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The system of internal control covers, inter alia, risk management and financial, organisational, operational and compliance controls. The Board discussed the Internal Audit matters that were presented to them to ensure an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group's business objectives.</p> <p>The Group has in place the following key elements of internal control and risk management:</p> <ul style="list-style-type: none">• an effective Board and Audit Committee which retains control over the Group, reviews the business operations, approves significant transactions, monitors management and assesses the effectiveness of internal controls;• clearly defined lines of authority and divisionalised organization structure to achieve the Group's objectives and monitor the conduct and operations within the Group;• quarterly results of the Group's financial performance are presented to the Audit Committee for recommendation for adoption by the Board;• regular management meetings comprising the senior management to review and discuss significant issues relating to financial performance, operations, technical and key support functions;• segregation of duties and physical safeguarding of assets for example limiting of access to assets, documents and records and establishing custodial responsibilities; and• clearly defined recruitment processes and relevant training to enhance staff competency levels. <p>The Board regularly reviews these processes and ensure compliance with the Risk Management and Internal Control Guidance.</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 9.3 - 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 Board has established a Risk Management Working Group Committee under the purview of the Audit Committee. The Risk Management Working Group Committee is headed by the Managing Director and the Executive Director, and the 3 other members are the Chief Financial Officer, Administration and Finance Manager and Finance Manager. The formation of the Risk Management Working Group Committee allows its members to have more time to deliberate various risk issues affecting the Company and the Group at length.</p> <p>The Risk Management Working Group Committee has convened 2 meetings in year 2018.</p>

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 Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Company has outsourced the internal audit function to an independent professional service firm to carry out independent internal audit services, including enterprise risk management services for the Company and the Group.</p> <p>During the financial year 2018, the Internal Auditors have conducted a series of audits of the operating units including subsidiaries of the Company. Their internal audit reports were tabled at the Audit Committee meetings, where Audit Committee members discussed and reviewed the findings with management. The internal auditors ensured, on a follow up basis, that recommendations to improve controls are implemented by management.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies 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;- disclose in audit committee report - function
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has outsourced the internal audit function to an independent professional service firm, Crowe Governance Sdn Bhd, and the internal audit function is carried out in accordance with a recognised framework.</p> <p>Crowe Governance Sdn Bhd who declared that they have no professional conflict of interest with regards to their engagement and do not have any association with the Company, the subsidiaries and the staff. In addition, they have adequate and experienced resources to deliver the required number of audits on time and on quality with flexibility and practicality.</p> <p>The internal auditors had carried its activities according to 2018 Internal Audit Plan approved by the Audit Committee and the Board.</p> <p>The Internal Audit team from Crowe Governance Sdn Bhd is headed by its Director, Mr Amos Law, assisted by its Associate Director, Mr Tan Loon Hean and supported by a number of capable staff.</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's corporate website at www.peraktransit.com.my provides an avenue for accessing to the latest corporate information and development of the Group easily and immediately. It houses information of the Group which includes corporate profile, Company's announcement, financial results, quarterly interim financial reports, Annual Report, press releases and corporate news and events. Notices of general meetings and minutes of general meetings are also available on the Company's corporate website.</p> <p>Alternatively, Bursa Securities' website at www.bursamalaysia.com is another source of information to shareholders, investors and public community on the various announcements made by the Company from time to time in addition to the Annual Report submitted to Bursa Securities.</p> <p>The Board encourages participation from shareholders by having a question and answer session during the Annual General Meeting. Directors and Chief Financial Officer are available to provide responses to questions from shareholders during 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

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 (not applicable)	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable as our company is not one of the FTSE Bursa Malaysia Top 100 index Company and our market capitalisation is below RM2 billion.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Notice of the Annual General Meeting and the Annual Report are sent out to shareholders at least 28 days before the date of meeting.</p> <p>The Company is in compliance with the MCG Practice 12.1, Companies Act 2016 and Listing Requirements of Bursa Malaysia Securities Berhad.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>All the directors are encouraged to attend the General Meetings of the Company. The Directors, Chief Financial Officer and advisers are available to provide responses to questions from shareholders during the meeting.</p> <p>At the previous general meeting, the Directors, Chief Financial Officer, Administration and Finance Manager and Company Secretary have attended the meeting. The Company has invited the external auditors and advisers to attend the meetings. The Chief Financial Officer had responded to the queries from the shareholders during the Annual General Meeting.</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

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 :	Currently, in view of the number of shareholders and the size of the Company, the participation of shareholders of the Company at the general meetings is by way of attending in person or by proxy. The need to have meetings in remote locations does not arise. In addition, the Company has yet to have the resources to enable voting in absentia and remote shareholders' participation at general meetings.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		