

CORPORATE GOVERNANCE REPORT

STOCK CODE : 8176
COMPANY NAME : ATA IMS BERHAD (FORMERLY KNOWN AS DENKO INDUSTRIAL CORPORATION BERHAD)
FINANCIAL YEAR : March 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is charged with leading and managing the Group in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Group are managed. The Board sets the Group's values and standards and ensures that its obligations to shareholders and stakeholders are understood and met. The Board recognises the key role it plays in charting the strategic direction of the Group and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:</p> <ul style="list-style-type: none">• reviewing and adopting a strategic plan for the Group, addressing the sustainability of the Group's businesses;• overseeing the conduct of the Group's business and evaluating whether or not its businesses are being properly managed;• identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;• ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board;• overseeing the development and implementation of a shareholder communication policy; and |

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| | <ul style="list-style-type: none"> • reviewing the adequacy and integrity of the Group’s internal control and management information systems. <p>To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nominating and Remuneration Committee (“NRC”), to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.</p> <p>Whilst the Board is responsible for creating the framework and policies within which the Group should be operating, management is responsible for instituting compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group’s corporate objectives. This demarcation of roles both complements and reinforces the supervisory role of the Board.</p> <p>The Board has overall responsibility for strategic planning and direction, setting the corporate goals, organising resources, monitoring the achievement of goals and identifying critical business risks. The Board assumes full responsibility for the overall performance of the Company and its subsidiaries by providing leadership and direction as well as management supervision. It also lays down the appropriate policies for managing the related risks to ensure that good internal control is in place for operational efficiency and effectiveness of the Group.</p> <p>The Board has a formal schedule of matters specifically reserved to it for decision. Such matters include the overall Group strategy and direction, acquisition and divestment policy, approval of major capital expenditure, dividend policy, expansion of core business, organisational structure, capital management, consideration of significant financial matter and monitoring the financial and operating performance of the Group. This arrangement enables the direction and control of the Group to be firmly in the Board’s hand.</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> | |

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| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 1.2

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is responsible for the overall strategic direction of the Group and the leadership of the Chairman is to ensure effectiveness of the Board in achieving corporate and business objectives.</p> <p>The Chairman is focused more on the setting of the Group's strategic vision and direction, and on leading the Board in the oversight of management, whilst the CEO is responsible for the implementation of the Board's decisions.</p> <p>The Board Chairman is responsible for:</p> <ul style="list-style-type: none">a) Leading the Board in setting the values and standards of the Company and provide leadership for the board so that the board can perform its responsibilities effectively;b) Maintaining a relationship of trust between the Executive and Non-Executive Directors and managing interface between board and management;c) Ensuring effective communication with shareholders and relevant stakeholders;d) Leading the board in establishing and monitoring good corporate governance practices;e) Arranging regular evaluation of the performance of the Board, its Committees and individual Directors; andf) Facilitating the effective contribution of Non-Executive Directors and ensuring collegial relationship is maintained between Executive and Non-Executive Directors. <p>The Chairman, in consultation with the Company Secretary, sets the agenda for Board meetings and ensures that relevant issues are on the agenda and providing the information to Directors on timely basis. Chairman also responsible in leading board meetings and discussion and encouraging active participation and allowing dissenting views to be freely expressed by board members.</p> |
| Explanation for departure | : | |

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

Intended Outcome

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

Practice 1.3

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

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| Application | : | Applied |
| Explanation on application of the practice | : | The Board adopted the Practice 1.3 MCCG 2017 whereby the Chairman and CEO are held by different individuals in order to promote accountability and facilitate division of responsibilities between them. While the Chairman is responsible in leading the Board towards the Group's objective, the CEO focuses on the business and day to day management of the Group. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 1.4

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is supported by qualified Company Secretaries who are members of professional bodies and are qualified to act as company secretary under section 235(2)(a) of the Companies Act, 2016.</p> <p>The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Group and Directors in relation to their duties and responsibilities.</p> <p>The Company Secretaries always advise Directors of their obligations to adhere to matters relating to disclosure of interest in securities; disclosure of any conflict of interest in a transaction involving the Company and/or the Group; prohibition on dealing in securities; restrictions on disclosure of price-sensitive information; and changes in regulatory requirements that affect the Company and/or Directors in the discharge of their responsibilities.</p> <p>The Company Secretaries are responsible and entrusted to record the Board's deliberations and discussion during Board or committee meeting. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings. The conclusions and the minutes of the previous Board meeting are distributed to the Board and Committee members prior to the Board meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. The Directors may comment or request clarification before the minutes are tabled for confirmation and signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.</p> <p>Directors have unrestricted access to the advices and services of the Company Secretaries to enable them to discharge their duties effectively. The appointment and removal of the Company Secretaries</p> |

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| | is a matter for the Board as a whole to decide. During the financial year, the Board is satisfied with the performance and services rendered by the Company Secretaries. | |
| Explanation for departure : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 1.5

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, Board members have full and unrestricted access to all information pertaining to the Group's businesses and affairs. Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis and effective discharge of the Board's responsibilities.</p> <p>Board and Board Committees papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least five (5) business days prior to the Board and Board Committee meetings to allow the Directors sufficient time to study for effective discussion, to facilitate decision making by the Board and to deal with matters arising from such meetings. Senior management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advices and explanations on specific items on the meeting agenda. Besides direct access to management, Directors may obtain independent professional advice at the Group's expense, if considered necessary, in accordance with established procedures set out in the Board Charter in furtherance of their duties.</p> |
| Explanation for departure | : | |
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

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

Practice 2.1

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | The role and function of the Board, Board Committees, which includes the differing roles of the Executive Director and Non-Executive Directors as well as the schedule of issues and decisions reserved for the Board, are clearly delineated in a Board Charter. The Board Charter is available on the Company's website at www.ataims.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

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

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

Practice 3.1

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Group is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Group recognises the need to formalise and commit to ethical values through a Code of Ethics and Conduct. The Code of Ethics and Conduct is intended to apply to all employees, customers and vendors of the Group. It is to establish standards to ensure that working environments and conditions are safe and healthy, conflicts of interest are avoided, workers are treated with respect and dignity, confidentiality is observed, good personal behaviour is exhibited and business operation are conducted ethically.</p> <p>The fundamental principle in adopting the Code of Ethics and Conduct is to ensure that all business activities are in full compliance with the laws, rules and regulations of the country in which it operates. If a law of the country conflicts with a rule or policy set out in the Code of Ethics and Conduct, affected personnel should comply with the law. Besides, the Code of Ethics and Conduct encourages affected personnel to go beyond legal compliance and adopt internationally recognized standards in order to advance business ethics and conduct.</p> <p>The Group is open to receive input from stakeholders in the continued development and implementation of the Code of Ethics and Conduct and to adopt the best practice where possible. This Code of Ethics and Conduct is a general guide to acceptable and appropriate behavior at the company and it is not intended to be exhaustive. Therefore there may be other additional obligations that management is expected to comply when performing their duties. The Group's Code of Ethics and Conduct is available on the Company's website at www.ataims.com.my.</p> |

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

Intended Outcome

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

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

Practice 3.2

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

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| Application | : | Applied |
| Explanation on application of the practice | : | All stakeholders (Including but not limited to, employees, customers, suppliers, government bodies and financial institutions) are encouraged to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices in the Group at the earliest opportunity, and in an appropriate way. The Whistleblowing Policy is established with reference to the Whistleblower Protection Act 2010, with necessary adaptation to encourage genuine disclosure by the stakeholders. The Whistleblowing Policy is available on the Company's website at www.ataims.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

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

Practice 4.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board consists of six (6) members comprising three (3) Executive Directors, and three (3) Independent Non-Executive Directors. Therefore, the Board composition is in compliance with Paragraph 15.02(1) of the MMLR of Bursa Securities which stipulates that at least two Directors or one third of the Board, whichever is higher, must be Independent Directors and also the recommendation by the MCCG 2017 to have at least half of the Board comprises Independent Directors.</p> <p>Independent Directors are independent of management, thereby ensuring independence in the Board deliberation and decision-making. Given the scope of responsibilities for managing the Group's business operations, the Board considers its current composition and size are adequate.</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.

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| Application : | Not applicable - No independent director(s) serving beyond 9 years | |
| Explanation on application of the practice : | | |
| Explanation for departure : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

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| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | |

Intended Outcome

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

Practice 4.4

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | The Board acknowledges the importance of boardroom diversity. When appointing a Director, the NRC and the Board will always evaluate and match the criteria of the candidate to the Board based on individual merits, experience, skill, competency, knowledge and potential contribution. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 4.5

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

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| Application | : | Applied |
| Explanation on application of the practice | : | The Board acknowledges the MCCG 2017's call and support for gender diversity in a board's composition. The Board believes that appointment of board members, regardless of gender, should be based on experience, character, integrity and competence as these are the essential criteria for an effective Board. The position of Group CEO is currently held by a female representation, and two (2) out of the six (6) Board members are female. |
| 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | The Board refers to external professional advice and recommendations in sourcing for Independent Non Executive Directors. The Board does not solely rely on recommendations from existing board members but apply independent sources to identify suitable candidate. The Independent Non-Executive Directors are not employees and do not take part in the daily management and the day-to-day operations of the Group. However, they bring an outside perspective and assist to develop proposals on strategy, assess the performance of management in achieving goals and objectives, and monitor the risk profile of the Group's businesses. They provide independent views, advices and judgments and take into account the interests of the Group and the various stakeholders including but not limited to shareholders, employees, customers, suppliers and other communities in which the Group conducts its business, and their presence brings an additional element of balance on the Board. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 4.7

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | The Board combined the Nominating Committee and the Remuneration Committee into the Nominating and Remuneration Committee (“NRC”). All the members in the Group’s NRC consist of and is chaired by Independent Director who lead the appointment and annual evaluation of board members. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.1

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board, through the NRC, has conducted annual evaluation of the effectiveness of individual Directors, the Board as a whole as well as the Chairman of the Board which is in line with Practice 5.1 of the MCCG 2017.</p> <p>All assessment and evaluations carried out by the NRC in discharging its duties are documented in the minutes of meetings. The Board believes that, through the annual appraisal process conducted by the NRC, the Board able to possess the required mix of skills, experience and other qualities brought by Independent Non-Executive Directors which enables the Board to discharge its duties effectively in light of the challenging economic and operating environment in which the Group operates. The result of the assessment was tabled to the NRC for review. During the financial year, an evaluation was conducted by NRC and the Committee was satisfied that all the Directors had met the criteria in terms of their capacity, integrity and commitment towards the Group.</p> <p>As stipulated in the Board Charter, the Directors are required to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of their appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.</p> <p>Notwithstanding that no specific quantum of time has been fixed, all the Board members are required to notify the Board before accepting any new directorship. Any Director is, while holding office, at liberty to accept Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one</p> |

(1) criterion as agreed by the Board is that they must not hold directorships at more than five public listed companies (as prescribed in Paragraph 15.06 of Listing Requirements). During the financial year under review, none of the Directors have more than five (5) directorships in listed issuers listed on Bursa Securities.

Besides, Board members are expected to achieve at least fifty percent (50%) attendance of total Board Meetings in any applicable financial year. Any leave of absence is to be notified to the Chairman and/or Company Secretaries, where applicable.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board during the financial year under review.

| <u>Name</u> | <u>Designation</u> | <u>Attendance</u> | <u>Percentage (%)</u> |
|--|---|-------------------|-----------------------|
| Dato' Sri FOO Chee Juan | Executive Director cum Executive Chairman | 8/8 | 100 |
| Grace FOO Hui Ting (resigned on 4 August 2017) | Non Independent Non- Executive Director | 1/1 | 100 |
| Dato' FONG Chiu Wan (appointed on 13 February 2018) | Executive Director | 2/2 | 100 |
| Mr. Balachandran A/L Govindasamy (appointed on 13 February 2018) | Executive Director | 2/2 | 100 |
| Koh Win Ton | Independent Non- Executive Director | 8/8 | 100 |
| Wong Chin Chin | Independent Non- Executive Director | 8/8 | 100 |

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| | Lee Kok Jong (appointed on 24 August 2017) | Independent Non- Executive Director | 6/6 | 100 |
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Directors' Training

The Board also oversees the training needs of its Directors. Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. Directors, especially newly appointed ones, are encouraged to visit the Group's operating centers to have an insight on the operations which would assist the Board to make effective decisions.

Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, to keep abreast of industry developments and trends, the Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates, in order to fulfill their duties as Directors. Any Director so appointed to the Board is required to complete the Mandatory Accreditation Programme ("MAP") within four months from the date of appointment. The newly appointed Directors during the financial year had attended the MAP in July 2018.

In addition, the Company Secretaries usually circulates the relevant statutory and regulatory requirements from time to time for the Board's reference and briefs the Board on the updates, where applicable. External Auditors also brief the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements for the financial year under review.

The Board will on a continuing basis evaluate and determine the training needs of each Director, particularly on relevant new laws and regulations and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

The details of the relevant training sessions attended by each Director during the financial year under review are as follows:

| Name | Training Programme | Date |
|---|---|---|
| Dato' Sri Foo Chee Juan | <ul style="list-style-type: none"> • Mandatory Accreditation Programme • Project Management | <p>27 to 28 July 2017</p> <p>13 to 15 September 2017</p> |
| Grace Foo Hui Ting (<i>resigned on 4 August 2017</i>) | <ul style="list-style-type: none"> • Mandatory Accreditation Programme | 27 to 28 July 2017 |
| Dato' Fong Chiu Wan (<i>appointed on 13 February 2018</i>) | <ul style="list-style-type: none"> • Project Management | 13 to 15 September 2017 |
| Mr. Balachandran A/L Govindasamy (<i>appointed on 13 February 2018</i>) | <ul style="list-style-type: none"> • Project Management | 13 to 15 September 2017 |
| Koh Win Ton | <ul style="list-style-type: none"> • Mandatory Accreditation Programme • Changes in the Listing Requirements Post-Companies Act 2016: What To Look Out for • National Tax Conference 2017 | <p>27 to 28 July 2017</p> <p>08 February 2018</p> <p>25 July 2017</p> |
| Wong Chin Chin | <ul style="list-style-type: none"> • Mandatory Accreditation Programme • Driving Financial Integrity and Performance - Enhancing Financial Literacy for Audit Committees • Global Capital Market Conference 2017: Entering a New Era | <p>27 to 28 July 2017</p> <p>23 May 2017</p> <p>18 July 2017</p> |

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| | | <ul style="list-style-type: none"> • Changes in the Listing Requirements Post-Companies Act 2016: What To Look Out for • Continuing Professional Development for Global Legal IP ConfEx and Global Law Tech Exhibition | <p>08 February 2018</p> <p>27 February 2018</p> |
| | Lee Kok Jong (appointed on 24 August 2017) | <ul style="list-style-type: none"> • Mandatory Accreditation Programme • Changes in the Listing Requirements Post-Companies Act 2016: What To Look Out for | <p>28 to 29 September 2017</p> <p>08 February 2018</p> |
| Explanation for departure : | | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure : | | | |
| Timeframe : | | | |

Intended Outcome

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

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

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

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| Application | : | Applied |
| Explanation on application of the practice | : | Practice 6.1 MCCG 2017 recommended to put 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 at www.ataims.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

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

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

Practice 6.2

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

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

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|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Nominating and Remuneration Committee was established as the Board recognises the importance of the role the Nominating and Remuneration Committee plays not only in the selection and assessment of Directors but also in other aspects of corporate governance of which the Nominating and Remuneration Committee can assist the Board to discharge its fiduciary and leadership functions.</p> <p>Appointment/ Composition of the NRC</p> <ul style="list-style-type: none">• The Nominating and Remuneration Committee members shall be appointed by the Board.• The Nominating and Remuneration Committee shall consist of not less than three (3) members.• The majority of the Nominating and Remuneration Committee members shall be Independent Non-Executive Directors.• The Chairman of the Nominating and Remuneration Committee must be a Non-Executive Director and shall be appointed by the Board. In the absence of Chairman of the Nominating and Remuneration Committee, the remaining members present shall elect one of their members to chair the meeting. |

As at the date of this Statement, the Nominating and Remuneration Committee comprises the following members with the meeting attendance as below:

| | <u>Designation</u> | <u>Meetings Attended</u> |
|---|---|------------------------------|
| <u>Chairman</u> | | |
| Lee Kok Jong <i>(appointed on 24 August 2017)</i> | Independent Non-Executive Director | 1/1 |
| Grace Foo Hui Ting <i>(resigned on 04 August 2017)</i> | Non Independent Non- Executive Director | None |

Members

| | | |
|----------------|------------------------------------|-----|
| Koh Win Ton | Independent Non-Executive Director | 1/1 |
| Wong Chin Chin | Independent Non-Executive Director | 1/1 |

During the financial year, the Committee carried out its duties in accordance with its terms of reference, which encompassed the following :

- (a) Reviewing the profile and recommended to the Board the appointment of Executive Directors;
- (b) Reviewing the profile and recommended to the Board the appointment of a Executive Director as Group CEO;
- (c) Reviewing the profile and recommended to the Board the appointment of a Executive Director as Group COO;
- (d) Reviewing the profile and recommended to the Board the appointment of an Independent Non-Executive Director;
- (e) Recommended to the Board the appointment of an Independent Non-Executive Director as Chairman of Nominating and Remuneration Committee;
- (f) Recommended to the Board the appointment of an Independent Non-Executive Directors as members of Audit Committee;
- (g) Conducted the annual assessment of the effectiveness of the individual Directors, the Board as a whole as well as the Board Committees;

| | |
|---|--|
| | <p>(h) Reviewed the composition of the Board with the view to ensure it has the required mix of skills, experience and competencies for the Group’s core business;</p> <p>(i) Recommended to the Board the Directors’ fee payable to members of the Board and are deliberated at the Board before it is presented at the Annual General Meeting for shareholders’ approval; and</p> <p>(j) Reviewed and recommend the re-election and re-appointment of Directors to the Board for recommendation of the same to the shareholders for approval at AGM.</p> <p>The Board is satisfied that the NRC has effectively and efficiently discharged its duties and responsibilities in respect to its nomination and remuneration functions. As such, it is not necessary to separate the nomination and remuneration functions into distinct nomination and remuneration committees.</p> <p>The Terms of reference of the NRC is available for viewing at the Company’s website at www.ataims.com.my.</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

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 Breakdown of the total remuneration paid or payable or otherwise made available to all Directors of the Company and the Group who served during the financial year is as follows:</p> <table border="1"> <thead> <tr> <th><u>Name</u></th> <th><u>Designation</u></th> <th><u>Fees</u> RM'000</th> <th><u>Salaries</u> RM'000</th> <th><u>Bonuses</u> RM'000</th> <th><u>Other Emoluments</u> RM'000</th> <th><u>Defined Contribution</u> RM'000</th> <th><u>Total</u> RM'000</th> </tr> </thead> <tbody> <tr> <td>Dato' Sri Foo Chee Juan</td> <td>Executive Director cum Executive Chairman</td> <td>-</td> <td>2,161</td> <td>-</td> <td>120</td> <td>259</td> <td>2,540</td> </tr> <tr> <td>Grace Foo Hui Ting <i>(resigned on 4 August 2017)</i></td> <td>Non Independent Non-Executive Director</td> <td>20</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>20</td> </tr> <tr> <td>Dato' Fong Chiu Wan <i>(appointed on 13 February 2018)</i></td> <td>Executive Director cum CEO</td> <td>-</td> <td>2,161</td> <td>-</td> <td>120</td> <td>259</td> <td>2,540</td> </tr> <tr> <td>Mr. Balachandran A/L Govindasamy <i>(appointed on 13 February 2018)</i></td> <td>Executive Director cum COO</td> <td>-</td> <td>1,194</td> <td>-</td> <td>486</td> <td>168</td> <td>1,848</td> </tr> <tr> <td>Koh Win Ton</td> <td>Independent Non-Executive</td> <td>50</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>50</td> </tr> </tbody> </table> | <u>Name</u> | <u>Designation</u> | <u>Fees</u> RM'000 | <u>Salaries</u> RM'000 | <u>Bonuses</u> RM'000 | <u>Other Emoluments</u> RM'000 | <u>Defined Contribution</u> RM'000 | <u>Total</u> RM'000 | Dato' Sri Foo Chee Juan | Executive Director cum Executive Chairman | - | 2,161 | - | 120 | 259 | 2,540 | Grace Foo Hui Ting <i>(resigned on 4 August 2017)</i> | Non Independent Non-Executive Director | 20 | - | - | - | - | 20 | Dato' Fong Chiu Wan <i>(appointed on 13 February 2018)</i> | Executive Director cum CEO | - | 2,161 | - | 120 | 259 | 2,540 | Mr. Balachandran A/L Govindasamy <i>(appointed on 13 February 2018)</i> | Executive Director cum COO | - | 1,194 | - | 486 | 168 | 1,848 | Koh Win Ton | Independent Non-Executive | 50 | - | - | - | - | 50 |
| <u>Name</u> | <u>Designation</u> | <u>Fees</u> RM'000 | <u>Salaries</u> RM'000 | <u>Bonuses</u> RM'000 | <u>Other Emoluments</u> RM'000 | <u>Defined Contribution</u> RM'000 | <u>Total</u> RM'000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dato' Sri Foo Chee Juan | Executive Director cum Executive Chairman | - | 2,161 | - | 120 | 259 | 2,540 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Grace Foo Hui Ting <i>(resigned on 4 August 2017)</i> | Non Independent Non-Executive Director | 20 | - | - | - | - | 20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dato' Fong Chiu Wan <i>(appointed on 13 February 2018)</i> | Executive Director cum CEO | - | 2,161 | - | 120 | 259 | 2,540 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr. Balachandran A/L Govindasamy <i>(appointed on 13 February 2018)</i> | Executive Director cum COO | - | 1,194 | - | 486 | 168 | 1,848 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Koh Win Ton | Independent Non-Executive | 50 | - | - | - | - | 50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | | | | | | | |
|--|--|--|----|---|---|---|---|----|
| | Director | | | | | | | |
| | Wong Chin Chin | Independent Non- Executive Director | 50 | - | - | - | - | 50 |
| | Lee_Kok Jong (appointed on 24 August 2018) | Independent Non- Executive Director | 30 | - | - | - | - | 30 |
| 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 | : | Applied | | | | | | | | | | | | | | | | | |
|--|-----------------------------|---|-----------------------------------|-----------------------------|--|------------------|-------------------------------------|-------------------|--|---|-------------------|--|---|-----------------------|---|--|-----------------------|---|--|
| Explanation on application of the practice | : | <p>The key management of the Group who served during the financial year is listed out in the profile of key managements appearing in this Annual Report and their total remuneration fall within the following band:</p> <table><thead><tr><th rowspan="2"><u>Range of Remuneration (RM)</u></th><th colspan="2"><u>No of Key Management</u></th></tr><tr><th><u>Directors</u></th><th><u>Manager/Financial Controller</u></th></tr></thead><tbody><tr><td>250,000 - 300,000</td><td></td><td>1</td></tr><tr><td>300,001 - 350,000</td><td></td><td>1</td></tr><tr><td>1,800,000 – 1,850,000</td><td>1</td><td></td></tr><tr><td>2,500,000 – 2,550,000</td><td>2</td><td></td></tr></tbody></table> | <u>Range of Remuneration (RM)</u> | <u>No of Key Management</u> | | <u>Directors</u> | <u>Manager/Financial Controller</u> | 250,000 - 300,000 | | 1 | 300,001 - 350,000 | | 1 | 1,800,000 – 1,850,000 | 1 | | 2,500,000 – 2,550,000 | 2 | |
| <u>Range of Remuneration (RM)</u> | <u>No of Key Management</u> | | | | | | | | | | | | | | | | | | |
| | <u>Directors</u> | <u>Manager/Financial Controller</u> | | | | | | | | | | | | | | | | | |
| 250,000 - 300,000 | | 1 | | | | | | | | | | | | | | | | | |
| 300,001 - 350,000 | | 1 | | | | | | | | | | | | | | | | | |
| 1,800,000 – 1,850,000 | 1 | | | | | | | | | | | | | | | | | | |
| 2,500,000 – 2,550,000 | 2 | | | | | | | | | | | | | | | | | | |
| Explanation for departure | : | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | | | | | | | | | | | | | | | | | |
| Measure | : | | | | | | | | | | | | | | | | | | |
| Timeframe | : | | | | | | | | | | | | | | | | | | |

Intended Outcome

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

Practice 7.3 - Step Up

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

| | | |
|--|---|-------------|
| 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 | : | The Board established the Audit Committee comprising wholly of Independent Non-Executive Directors whereby the Chairman of the Audit Committee is not the Chairman of the Board. The Audit Committee is charged with the responsibility to conduct a formal, transparent and independent review on the financial reporting, risk management, internal control and governance processes. The Committee meets periodically to carry out its functions and duties pursuant to its terms of reference and has unrestricted access to the internal and external auditors and members of the Management. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report in this 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

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 had established the External Auditors policies and procedures with the objective to review, assess and monitor the performance, suitability and independence of External Auditor as well as non-audit services to be provided by External Auditors and its network firms/companies.</p> <p>The Audit Committee is also empowered by the Board to review any matters concerning the appointment and reappointment, resignations or dismissals of external auditors and review and evaluate factors relating to their independence. The terms of engagement for services provided by the external auditors are reviewed by the Audit Committee prior to submission to the Board for approval.</p> <p>The shareholders shall at each annual general meeting decide on the appointment or re-appointment of the external auditors of the Company, and the external auditors so appointed, shall hold office until the conclusion of the next annual general meeting of the Company.</p> <p>The independence of external auditors is essential to the provision of an objective opinion on the truth and fairness of the financial statements, therefore, the below policies are in place in the Group:</p> <ul style="list-style-type: none">a) Audit Committee to obtain written assurance from the External Auditors, before and at the conclusion of the audit works, 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;b) Ex-employees of the Group's external auditor joining the Group must be pre-approved by the Group Financial Controller for non-managerial employees or by the Audit Committee for managerial employees;c) A former key audit partner is required to observe two (2) years cooling off period before being appointed as Audit Committee |

| | |
|---|--|
| | <p>member;</p> <p>d) External Audit firm’s compliance with Malaysian regulations and ethical guidance relating to rotation of audit partner;</p> <p>e) Seeking from the External Auditors, on an annual basis, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements;</p> <p>f) Assurance from External Auditors that representatives of the External Auditors assigned to the engagements with the Group have no family, financial, employment, investment or any other business relationship with the Group, other than that in the normal course of business; and</p> <p>g) Relationship between the Group and the External Auditors including the non-audit services which was provided by the External Auditors and their network companies, and expected to be provided by the External Auditors. The level of fees that the Group pays in proportion to the overall fee income of the External Auditors and network firms/companies and other related regulatory requirements.</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

There is an effective and independent Audit Committee.

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

Practice 8.3

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | The Audit Committee had assessed the independence of KPMG PLT. as external auditors of the Company as well as reviewed the level of non-audit services rendered by KPMG PLT to the Company for the financial year under review. The Audit Committee was satisfied with the technical competency and audit independence of KPMG PLT. Having satisfied itself with the performance of and fulfillment of criteria as set out in the Non-Audit Services Policy by the External Auditors, the Audit Committee recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the Company's forthcoming 29th Annual General Meeting. |
| 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 Board established the Audit Committee comprising wholly of Independent Non-Executive Directors. |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The AC Chairman, Mr. Koh Win Ton is a director of Opal Corporate Services Sdn Bhd and SK & Associates and has more than 20 years of experience in the accounting and tax profession as well as commercial sector in Malaysia, Singapore, Hong Kong and China. He holds a Bachelor of Business (Accounting) from the University of Technology, Sydney in 1995 and he was admitted to CPA Australia on 30 June 1999 and admitted to Malaysia Institute of Accountants on 27 August 1999.</p> <p>In 2005, he was also admitted to Malaysia Institute of Taxation.</p> <p>He joined one of the big four international accounting firms in 1996 and was exposed to a wide range of professional services including audit, tax and business advisory. In 1999, he joined a manufacturing company as the Financial Controller where he was responsible to oversee the internal control system as well as the finance and accounts departments. In 2001, he extended his exposure to China where he was appointed as the General Manager by a PLC in Malaysia to set up a factory in the southern part of China. In 2003, he was transferred back to Singapore to oversee the Group accounts department, and preparation of PLC's annual report as well as quarterly reporting and the internal audit function.</p> <p>He joined Opal Corporate Service Sdn Bhd as a Director in 2004 and is currently in charge of the day-to-day operation of the business advisory department providing corporate secretarial services, compliance advisory, tax planning advisory, technical training services and internal audit services. In addition, he joined SK & Associates in 2009 to operate a branch office in Johor Bahru to handle audit and tax engagement.</p> <p>AC member, Mr. Lee Kok Jong was appointed to the Board on 24 August 2017. He holds a Bachelor of Business majoring in Accounting from Charles Sturt University, Australia in 1999. He was admitted to CPA Australia in April 2003 and subsequently, he was admitted to the</p> |

| | | |
|---|---|--|
| | <p>Malaysian Institute of Accountants in July 2003 and to the Malaysian Institute of Taxation in 2006.</p> <p>Mr. Lee commenced his career with Lo Hock Ling & Co. in Singapore in 1999 where he started as an Audit Assistant and rose to the rank of Audit Manager. He was assigned and managed the audit portfolios of various industries ranging from trading, manufacturing, service providers, investment holding, sales and marketing and information technologies.</p> <p>He set up his own accountancy practice in Malaysia in the year 2005 and currently provides various services to a wide clientele including corporate secretarial services, compliance advisory and tax planning advisory services.</p> <p>All members of Audit Committee have undertaken continuous professional developments and during the year.</p> | |
| <p>Explanation for departure</p> | <p>:</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>:</p> | |
| <p>Timeframe</p> | <p>:</p> | |

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 regards risk management and internal controls as an integral part of the overall management processes.</p> <p>Recognising the importance of having risk management processes and practices, the Board had formalised a Risk Management framework to provide Management with structured policies and procedures to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group.</p> <p>The responsibilities of identifying and managing risks are delegated to the respective Head of each department. The Board and the Audit Committee are responsible to review the effectiveness of the processes. Any material risk identified will be discussed and appropriate actions or controls will be implemented. This is to ensure the risk is properly monitored and managed to an acceptable level.</p> <p>The Audit Committee assists the Board in overseeing the risk management framework of the Group and reviewing the risk management policies formulated by Management and to make relevant recommendations to the Board for approval. The detail of risk management and internal control carried out during the financial year was set out in the Statement of Risk Management and Internal Control in this 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 | : | <p>The Group has a Risk Management Framework (“framework”) in place to identify the key risks faced by the Group, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans being taken to manage those risks. Risk process has been put in place throughout the Group for the year under review and up to the date of this Annual Report. On-going reviews on the process are carried out whereby the framework was further updated to a more comprehensive structure which was then reviewed and approved by the Board on 28 May 2018. This formed the structured risk management process to manage risk to be within its risk appetite and to maximize the opportunity identified on the Group basis in order to provide reasonable assurance to achieve its objectives.</p> <p>The system of internal control covers areas on financial, operational and compliance controls. In view of the inherent limitation in any system of internal control, it should be noted that such a system is designed to manage, rather than to eliminate, the risk of not achieving the Group's business objectives. The system can therefore only provide reasonable, but not to absolute assurance, against material misstatement or loss.</p> <p>Apart from the risk management and Internal Audit Functions, the Board has established key processes to augment the risk management and internal control system which were set out in the Statement of Risk Management and Internal Control in this Annual Report.</p> |
| Explanation for departure | : | |
| | | |

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

| | | |
|--------------------|--|--|
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

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

Practice 9.3 - 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 | : | The Audit Committee evaluates the Internal Audit Function to assess its effectiveness in the discharge of its responsibilities. The independent Internal Audit Function, which is outsourced to an independent external consultant, provides assurance to the Audit Committee through the execution of internal audit based on an approved risk-based internal audit plan. Observations from the internal audit executed are presented, together with Management's response and proposed action plans, to the Audit Committee for its review. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 10.2

The board should disclose–

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company has outsourced its internal audit function to Needsbridge Advisory Sdn Bhd who reports directly to the Audit Committee on the adequacy and effectiveness of the Group's internal controls. The internal audit is guided by internal auditing standards promulgated by the Institute of Internal Auditors Inc., a globally recognised professional body for internal auditors.</p> <p>The staffs of the outsource internal auditors whom involved in the internal audit reviews are free from any relationship or conflict of interest; and possess professional qualifications and most of them are members to the Institute of Internal Auditors Malaysia. The Engagement Partner has a diverse professional experience in internal audit, risk management and corporate governance advisory.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 11.1

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company recognises the importance of maintaining transparency and accountability to its Shareholders. The Board believes that they are not only accountable to shareholders but also responsible for managing a successful and productive relationship with the Company's stakeholders. In this regard, the Board will ensure that all the Company's shareholders and stakeholders are treated equitably and the rights of all investors, including minority shareholders, are protected.</p> <p>Practice11.0 MCCG 2017 recommend that there is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.</p> <p>The Company takes into consideration the shareholders' rights to access information relating to the Company and has thus, taken measures to enable the Company to communicate effectively with its shareholders, prospective investors, stakeholders and the public generally with the intention of giving them a clear picture of the Group's performance and operations. The Board has adopted the following measures with regard to communication with the Company's stakeholders:</p> <ol style="list-style-type: none">1) The Company's Website <p>Through the Group's website at www.ataims.com.my where shareholders and prospective investors can access corporate information, annual reports, press releases, financial information and company announcements of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. enquiry@denko.com.my to which stakeholders can direct their queries or concerns.</p> |

2) Investor Relations

The Board encourages other channels of communication with shareholders. For this purpose, the Board has identified Mr. Koh Win Ton as the Independent Non-Executive Director to whom queries or concerns regarding the Group may be conveyed.

Mr. Koh may be contacted via the following channels:

Address: ATA IMS Berhad (formerly known as Denko Industrial Corporation Berhad)
No.16, Jalan Hasil Dua, Kawasan Perindustrian Jalan Hasil,
81200 Tampoi, Johor Bahru, Johor.

Telephone No: 07-2385333

Fax No.: 07-238 9993

Email: winton.koh@denko.com.my

3) Announcement to Bursa Securities

Information in regards to material corporate information, financial report and other updates are published on a timely basis through the Company's announcements to Bursa Securities. The Board is committed to ensure that whatever information and corporate disclosures comply with disclosure guides as stipulated in the Bursa's Listing Requirements.

4) Annual Report

The Company's Annual Reports communicate to the shareholders in relation to the Company's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.

5) Annual General Meeting (AGM) or Extraordinary General Meeting (EGM)

The Company's AGM/EGMs serve as a platform to provide immediate and meaningful response or clarification to any question or doubt raised by shareholders.

| | | |
|--|--|--|
| 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 is not classified as "Large Company". However, the Company would consider adopting the integrated reporting based on a globally recognised framework, when necessary. |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 12.1

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The AGM, which is the principal forum for shareholders dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification as well as for the Chairman of the AGM to provide an overview of the Company's progress and receive questions from shareholders.</p> <p>The Company adopted the Practice 12.1 MCCG 2017 whereby the Notice of the 29th AGM is circulated to shareholders at least twenty-eight (28) days before the date of the meeting to enable them to go through the Annual Report and papers supporting the resolutions proposed. To be in line with paragraph 8.29A of the Listing Requirements of Bursa Securities, poll voting will be used to facilitate the voting process. An independent scrutineer will be appointed to scrutinize the polling process. For the convenience of the shareholders, the Board endeavors to arrange the meeting venue to be held in one of the Group's Johor Bahru offices, which is near town, has sufficient parking and is accessible by public transport. This will not hinder the shareholders or proxies from attending the AGM.</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>At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. All the directors will be present at the AGM to provide better opportunity for the shareholders to engage in person with each Board member.</p> <p>During the 28th AGM held last year, a question and answer session was held where the Chairman of the AGM invited shareholders to raise questions with responses from the Board. Poll voting and independent scrutineer was used to facilitate the voting process for the resolutions tabled.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

| | | |
|--|---|---|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The Company does not have a large number of shareholders. Also, the Company's Annual General Meetings have always been held at easily accessible venues for the convenience of shareholders. The Company has no intention to hold its Annual General Meetings in remote locations in the future.</p> <p>Alternative practice: shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his or her stead at a general meeting, provided that the proxy shall have been appointed by the shareholder himself or by his duly authorised representative provided further that it is filed at the registered office at least 48 hours before the AGM.</p> <p>To be in line with paragraph 8.29A of the Listing Requirements of Bursa Securities, poll voting will be used to facilitate the voting process. An independent scrutineer will be appointed to scrutinize the polling process.</p> <p>The forthcoming 29th AGM will be held in one of the Group's Johor Bahru office, which is near town, has sufficient parking and is accessible by public transport. This will not hinder the shareholders or proxies from attending the AGM.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

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

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

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