

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0097  
**COMPANY NAME** : ViTrox Corporation Berhad  
**FINANCIAL YEAR** : December 31, 2017

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for oversight and overall management of the Company. The Board is delegating specific powers of the Board to relevant Board Committees, the CEO and the Senior Management of the Company. The Board has direct access to Senior Management and has unrestricted and immediate access to information relating to the Group's business and affairs in the discharge of their duties. The Board will consider inviting the Senior Management to attend meetings for reporting on major issues relating to their respective responsibility.</p> <p>All approvals are supported by the Authority Limits, which clearly set out relevant matters reserved for the Board's approval, as well as those which the Board may delegate to the Board Committees, the CEO and the Senior Management.</p> <p><u>Promote good corporate governance culture and support long-term value creation</u></p> <p>The Board, together with the Management, is committed to promoting good corporate governance culture within the organisation which reinforces ethical, prudent and professional behaviour. The Company's Codes of Ethics for Directors continue to govern the standards of ethics and good conduct expected of Directors. The Code of Ethics for Directors includes principles relating to sincerity, integrity, responsibilities and corporate social responsibility are available at the Company's website.</p> <p>The Board is aware of the importance of sustainability in long run and will be mindful of the requirement when setting and making any plan for conducting its operation. The Board strongly believes that a sustainable environment which continuously promoting healthy habitat for the Group to compete and also would nourish the resources therein growing from time to time. As such, the Board</p>

promotes good corporate governance in the application of sustainability practices throughout ViTrox Group, the benefits of which are believed to translate into better corporate performance e.g. the extract of the Lean Problem Solving (“LPS”) report and Kaizen project on sustainability activities, demonstrating ViTrox Group’s commitment to the global environmental, social, governance and sustainability agenda, are detailed in the Sustainability Statement of the Annual Report 2017.

As a measure to govern the conduct of its employees, the Company has in place its Whistleblower Policy and Procedures (“WPP”) and Employees Hand Book. Please see detailed explanation to **Practice 3.1 & 3.2** of the CG Report.

As for Succession Planning, the ESOS Committee is tasked to oversee the administration and to ensure proper implementation of the ESOS in accordance with the By-Laws of the ESOS, to motivate, retain and reward Eligible Person(s) who, upon exercising their options, would be given the opportunity to participate in the equity of the Company and thereby relate their contribution directly to the performance of the ViTrox Group.

Setting Strategy, Engagement with Board Committees, Senior Management & CEO and monitoring of performance

The Board plays an active role in the development of the Company’s strategy. It has in place a strategy planning process, whereby the Management presents to the Board its recommended strategy annually, together with its proposed business plans for the ensuing year at a dedicated session, for the Board’s review and approval. At this session, the Board deliberates both the Management’s and its own perspectives, and challenges the Management’s views and assumptions, to ensure the best outcome. In conjunction with this, the Board also reviews and approves, amongst others:-

- Key Performance Indicators (“KPIs”) under the yearly Corporate Hoshin Plan, ensuring that the targets correspond to the Company’s strategy and business plan, reflect competitive industry trends and internal capabilities as well as provide sufficient stretch for the Management;
- key strategic initiatives and significant operational issues.

A quarterly review of the 2017 Corporate Hoshin Plan was conducted by the Board, at which the targets set by the Board were compared against the actual performance year-to-date. The Board also discussed strategy implementation processes and requirements together with key transformational initiatives undertaken in the current quarter of the year to achieve the targets set out in the 2017 Corporate Hoshin Plan. In this exercise, the Board took cognisance of internal and external factors which had supported various achievements as well as challenges facing by the Management. The Board actively engaged with the Management in monitoring the progress of initiatives

identified in the 2017 Corporate Hoshin Plan and, where required, in identifying alternative measures to be taken to ensure the successful realisation of the strategies.

The CEO is responsible for the day-to-day management of the business and operations of the Group in respect of both its regulatory and commercial functions. He is supported by the Management Committees. The Management's performance, under the leadership of the CEO, is assessed by the Board through a status report which is tabled to the Board and which includes a comprehensive summary of the Group's operating drivers and its financial performance during each reporting period.

The Board Committees comprise four Committees (i.e. Audit Committee ("AC"), Risk Management Committee ("RMC"), Nominating Committee ("NC") and Remuneration Committee ("RC") as set out under Corporate Information of the Annual Report 2017.

1. To enhance the effectiveness of risk management and internal control systems, the Board has established an internal audit function with the assistance of an external professional firm. The RMC will review with the AC, and recommend to the Board the type and level of business risks of ViTrox Group and the appropriate framework and policies for managing such risks. The RMC assists the Board to fulfil its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure of the Group. Through the RMC, the Board oversees the risk management framework of the Group in the following manner:-

- RMC presents for AC's review and the Board's approval the annual Corporate Risk Profile which specifies the key enterprise risks in light of the strategic objectives of the Group;
- RMC then monitors the key risks in the business in order to stay current on governance practices relating to the risk, and also oversees the compliance with regulatory and statutory requirements;
- RMC, through AC, advises the Board on areas of high risk and the adequacy of compliance and control procedures throughout the organisation.
- The Statement on Risk Management and Internal Control set out on pages 61 to 65 of the Annual Report 2017 provides an overview of the state of risk management and internal controls within the Group.

2. The internal auditors are to provide additional independent review on the state of risk management and internal control of the Group and has an independent reporting channel to AC. The AC reviews, deliberates and decides on the next course of action and evaluates the effectiveness and efficiency of the risk management and internal control systems in the organisation, to ensure, as far as possible, the protection of its assets and its shareholders'

investment. The summary of work performed by the AC is disclosed in the Audit Committee Report of the Annual Report 2017.

A whistleblower may make a complaint to the Chairman of the Audit Committee of any detrimental action committed by any person against the whistleblower or any person related to or associated with the whistleblower. Any report can be submitted confidentially via email to [vitroxwhistle@gmail.com](mailto:vitroxwhistle@gmail.com).

3. To ensure there is an effective Board and right leadership in meeting the objectives and goals of the Company, the NC is tasked, amongst others, assess the effectiveness of the Board as a whole and the contribution of each Director, review the size, composition and the required mix of skills of the Board; and recommend the re-election of retiring Directors to the Board.

A set of quantitative and qualitative performance criteria has been established to evaluate the performance of each member of the Board, each Board Committee and reviewing the performance of the Board as a whole. The Board's effectiveness is assessed in the areas of composition, administration, accountability and responsibility, conduct and the performance of the Chairman and CEO. The criteria for assessment of each Director or Committee member shall include attendance record, intensity of participation at meetings, quality of interventions, special contributions to demonstrate a high level of professionalism and integrity in the decision-making process.

On 22 February 2018, an assessment of the effectiveness of the Board, respective Board Committee and Independence ("the Assessment") were carried out in respect of the FYE 2017. Appraisal form which comprising quantitative and qualitative performance criteria to evaluate the performance of each member of the Board as well as each Board Committee, were being circulated at the Meeting for assessment. The NC reviewed the required mix of skills, experience and other qualities of the Board and Board Committee and agreed that it has the necessary mix of skill, experience and other necessary qualities to serve effectively.

4. RC is responsible for recommending to the Board on the remuneration framework and the remuneration package of Executive Directors to ensure that rewards commensurate with their contributions to the Group's growth and profitability in order to align the interest of the Directors with those of the shareholders. The RC also ensures the level of remuneration for Non-Executive Directors and Executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.

### Communication with Stakeholders

The Board is mindful on the importance of maintaining a proper corporate disclosure procedures with the aim to provide shareholders and investors with comprehensive, accurate and quality information on a timely basis. Personnel and working team for preparing the disclosure will conduct due diligence and proper verification and coordinate the efficient disclosure of material information to the investing public.

The Company has in place a document which sets the policies and standard operating procedures for employees to facilitate and ensure compliance by ViTrox Group. It also serves as a guide to enhance awareness among employees of corporate disclosure requirements.

The Management reviewed the results of the 2017 employee satisfaction survey to assess the level of employee satisfaction. The survey, conducted by an internal resource, aimed to ensure continuous improvement in the operating environment by maintaining areas of strength and improving areas of opportunity for its internal stakeholders. Post employee satisfaction survey, intervention initiatives were taken to address those areas below benchmark norms.

As part of the implementation of investor relation programme, the CEO is tasked to handle investor relation related matter in the Group. Besides, shareholders or investors may convey any concern / grievances to the Independent Directors of the Company accordingly. During the financial year, the Company communicated material news on the Company to its shareholders vide release of public announcement. ViTrox's Facebook also serves a communication platform of its stakeholders with Corporate development, functions, products information, etc. Concern regarding the Group may be conveyed by shareholders or investors to any of the Independent Directors at the following address and such concerns will be reviewed and addressed by the Board accordingly:-

Dato' Seri Dr. Kiew Kwong Sen  
Email: kelvinkiew@yahoo.com

### Integrity of the financial and non-financial reporting

Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines with the assistance from the Internal Auditors, External Auditors and Company Secretary.

All employees including Directors are required to sign a Non-Disclosure of Information ("NDI") with Company. Please refer explanation to **Practice 3.1** for more details.

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter, which is available on ViTrox's website at <a href="http://vitrox.com/company/board-charter.php">http://vitrox.com/company/board-charter.php</a></p> <ol style="list-style-type: none"><li>1. The Chairman is responsible for the Board's effectiveness and conduct. He also promotes an open environment for debate and ensures effective contributions from Non-Executive Directors.</li><li>2. The Chairman with the assistance of the Company Secretary sets the board agenda for each meeting based on the dates of scheduled Board meetings in the annual meeting calendar, and the same is circulated to the Board Members accordingly</li><li>3. The Chairman promotes a Boardroom environment that allows for expression of views in the spirit of 'constructive challenge', effective debate and contribution from the Board members to facilitate informed decision-making by the Board.</li><li>4. During deliberations at Board meetings, the Chairman provides his objective views and decisions to resolve situations when there are differing views between the Board Members and the Management.</li><li>5. The Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board and Management.</li><li>6. At a general meeting, the Chairman plays a role in fostering constructive dialogue between shareholders, Board and Management.</li></ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	



<b>Timeframe</b> :		
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**Intended Outcome**

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

**Practice 1.3**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The distinct and separate roles and responsibilities of the Chairman and CEO are provided in the Board Charter, which is available on ViTrox's website at <a href="http://vitrox.com/company/board-charter.php">http://vitrox.com/company/board-charter.php</a></p> <p>The positions of Chairman and CEO are held by two different individuals. The Chairman, Dato' Seri Dr. Kiew Kwong Sen leads and manages the Board by ensuring effective contribution from Non-Executive Directors and exercise control over quality, quantity and timeliness of information between Board and Management whereas the CEO, Chu Jenn Weng manages the business and operations of the Company and implements the Board's decisions.</p> <p>The distinct and separate roles of the Chairman and CEO, with their clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Both Company Secretaries of the Company have legal credentials, and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016, both of them are Associate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").</p> <ol style="list-style-type: none"><li>1. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations.</li><li>2. The Company Secretaries also ensure that deliberations at the Board and Board Committee meetings are well captured and minuted, and subsequently communicated to the relevant management for necessary action.</li><li>3. The Company Secretaries keep the Board updated on changes in the Listing Requirements and directives issued by the regulatory authorities, and the result and implications to the Company and the Directors in relation to their duties and responsibilities.</li><li>4. The Company Secretaries also keep abreast of the evolving capital market environment, regulatory changes and developments in Corporate Governance through continuous training.</li></ol> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>To facilitate the Directors' time planning, the annual meeting calendar is prepared and circulated in advance of each new year. The calendar provides Directors with scheduled dates for meetings of the Board, Board Committees and the Annual General Meeting, as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results. This calendar is available on Google Calendar.</p> <p>Agenda and documents relevant to the Board meetings are circulated at least 7 days in advance to the Directors for their review/information before the meetings to ensure the effectiveness of the Board meetings. Any additional information requested by the directors will be provided in timely manners.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.</p> <p>The Company Secretaries will communicate to the relevant Management the Board's decisions/recommendations via circulation of draft minutes of meetings for appropriate actions to be taken.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter serves as a primary reference for prospective and existing Board members of their fiduciary duties as directors of ViTrox and the functions of the Board Committees as well as the Boards of the respective subsidiary companies within the Group. It sets out amongst other things, the key values, principles and ethos of the Company.</p> <p>In accordance with Paragraph 7 of the Board Charter, the Board will review the Board Charter periodically to keep it up to date and consistent with the Board's objectives and responsibilities. The Board Charter is available on ViTrox's website at <a href="http://vitrox.com/company/board-charter.php">http://vitrox.com/company/board-charter.php</a></p> <p>The Board Charter and detailed Term of Reference of the Board Committees are set out in ViTrox's website. In this respect, the ViTrox Group is supported by the Group Corporate Authority Manual, which clearly delineates relevant matters and applicable limits, including those reserved for the Board's approval and those which the Board may delegate to the Board Committees i.e. AC, NC and RC, the CEO and the Management. Key matters reserved for the Board's approval include the annual and quarterly financial results, annual business plan and target, dividend payout proposal, issuance of new securities, expenditure above a certain limit, disposal of significant fixed assets and acquisition or disposal of companies within the Group.</p> <p>The Directors are mindful that they should continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance developments.</p> <p>All the Directors of the Company attended various seminars and training programmes during FYE 2017 as follows:-</p> <p>Dato' Seri Dr. Kiew Kwong Sen</p> <ul style="list-style-type: none"><li>- Transforming Leaders and Talents for a better world (Workshop) – 3 days</li></ul> <p>Chu Jenn Weng</p>

- Give up (Group Study) – 2 hours
- Building Customer Trust To Create Loyal Customer (Group Study) – 2 hours
- Time. Space. People (Group Study) – 2 hours
- Best Practice Sharing - Build Customer Relationship Part 2 (Sharing) – 2 hours
- ISO 9001:2015 Awareness Training (Briefing) – 1 hour
- The Malaysian Culture and Its Influence (Group Study) – 2 hours

Siaw Kok Tong

- The End of Cloud Computing (Group Study) – 2 hours
- Building Customer Trust To Create Loyal Customer (Group Study) – 2 hours
- The Place One Discovers Oneself (Group Study) – 2 hours

Yeoh Shih Hoong

- The End of Cloud Computing (Group Study) – 2 hours
- ISO 9001: The Correct Approach to Improve Process Effectiveness (Group Study) – 2 hours
- MDEC-GE Digital Industrial IoT Meet-Up (Talk) – 2.5 hours
- Give Up (Group Study) – 2 hours
- Building Customer Trust To Create Loyal Customer (Group Study) – 2 hours
- What is 5G? (Group Study) – 2 hours
- Time. Space. People (Group Study) – 2 hours
- ISO 9001:2015 Awareness Training (Briefing) – 1 hour
- Digital and Efficient Manufacturing Seminar (Seminar) – 8 hours
- Bursa Risk Management Programme - I Am Ready to Manage Risks (Seminar) – 7.5 hours
- The Place One Discovers Oneself (Group Study) – 2 hours
- Project Planning with Smart Use Case (Sharing) – 1 hour
- Technical Talk - Plucking the Low-Hanging Fruits of Machine and Deep Learning (Talk) – 3 hours

Chuah Poay Ngee

- Financial Integrity & Performance (Workshop) – 1 day
- Advocacy Session on Corporate Disclosure for Directors & Principal Officer for Listed Issuer (Workshop) – 0.5 day
- 9th International Conference on Financial Crime & Terrorism Financing 2017 (Conference) – 2 days

Prof. Ir. Dr. Ahmad Fadzil Bin Mohamad Hani

- Driving Financial Integrity & Performance Enhancing Financial Literacy Workshop (Workshop) – 1 day

Chang Mun Kee

- Understand the Merger/Acquisition and Insider Training (Briefing) – 6 hours

In the future, the Board will continue to identify training needs amongst the Directors and enroll the directors for training programmes, as and when required.

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

### 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>ViTrox Group has in place a code of conduct for Director of the Company. The Code of Conduct and Ethics for Directors is available at <a href="http://vitrox.com/company/code-ethic.php">http://vitrox.com/company/code-ethic.php</a></p> <p>The Company's Codes of Ethics for Directors continue to govern the standards of ethics and good conduct expected of Directors. The Code of Ethics for Directors is formulated to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims:-</p> <ol style="list-style-type: none"><li>1. To establish a standard of ethical behaviour for directors based on trustworthiness and values that can be accepted, are held or upheld by any one person.</li><li>2. To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating a company.</li></ol> <p>The Directors' Code of Ethics consist of three (3) major areas, namely:</p> <ul style="list-style-type: none"><li>• Corporate Governance;</li><li>• Relationship with shareholders, employees, creditors, customers and other stakeholders; and</li><li>• Social responsibilities and the environment.</li></ul> <p>As a measure to govern the conduct of its employees, the Company has in place its Whistleblower Policy and Procedures ("WPP") and Employees Hand Book. The WPP seeks to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Company may be exposed. The Board has overall responsibility to oversee the implementation of the WPP and all whistle-blowing reports are to be addressed to the respective personnel as assigned pursuant to the Group's WPP. This mechanism will allow the stakeholders of ViTrox to report concerns about alleged unethical behaviour, actual or suspected fraud within the Group, or improper business conduct affecting the Group and about business improvement opportunities.</p>



	<p>Apart from the above, all Employees included Directors are required to sign a Non-Disclosure of Information (“NDI”) with Company. This NDI includes (without limitation) confidentiality of information such as business processes and methodologies, trade secrets, business plans and strategies, financial report and forecasts, employee salary, bonus, profit sharing and company share, client lists, matter list, client targets, presentation papers, uniquely developed products for client (current or potential), employee list, knowledge management systems and its content, internally created precedents and work products, all computer software and libraries developed for and by ViTrox Group whether by itself or by third parties, all web enabled systems and methods used to develop such system, all electronics circuit designs, the ViTrox Group’s databases and access rights to third party databases, and presentations and concept papers developed or created from time to time, purchase order, invoices, quotations and work instruction.</p> <p>The Board expects all ViTrox Group’s suppliers to observe high ethical business standard of honesty and integrity and to apply these values to all aspects of their business and professional practices. A Supplier Code of Conduct is established in which the Group’s minimum expectations on the suppliers vis-à-vis legal compliance and ethical business practices are stipulated. The Code applies to all suppliers, vendors, contractors and any other persons doing business with ViTrox Corporation Berhad and its subsidiary companies.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's Whistleblower Policy and Procedures ("WPP") fosters an environment in which integrity and ethical behaviour are maintained and any illegal or improper actions and/or wrongdoing in the Company may be exposed.</p> <p>The WPP provides an avenue for employees or any external party to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines, in a safe and confidential manner. An employee who makes a report of improper conduct in good faith shall not be subject to unfair dismissal, victimisation, demotion, suspension, intimidation or harassment, discrimination, any action causing injury, loss or damage or any other retaliatory actions by the Group.</p> <p>A whistleblower may make a complaint to the Chairman of the Audit Committee of any detrimental action committed by any person against the whistleblower or any person related to or associated with the whistleblower. Any report can be submitted confidentially via email to <a href="mailto:vitroxwhistle@gmail.com">vitroxwhistle@gmail.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As of 31 December 2017, the Board comprises 3 Executive Directors and 4 Independent, Non-Executive Directors. The composition of the Board reflects fairly the investment of all shareholders in the Company and a good independent element on the Board. The strong independent element to avert “groupthink” and able to stay objective when a matter put up for discussion thereby, allowing more effective oversight of management.</p> <p>During the financial year, the Board was led by Dato’ Seri Dr. Kiew Kwong Sen, an Independent Non-Executive Chairman. The Board is confident that its current size and composition is sufficient and effective in discharging the Board’s responsibilities and in meeting the Company’s current needs and requirements.</p> <p>On 22 February 2018, an assessment of the effectiveness of the Board, respective Board Committee and Independence (“the Assessment”) were carried out in respect of the FYE 2017. Appraisal form which comprising quantitative and qualitative performance criteria to evaluate the performance of each member of the Board as well as each Board Committee, were being circulated at the Meeting for assessment. The NC reviewed the required mix of skills, experience and other qualities of the Board and Board Committee and agreed that it has the necessary mix of skill, experience and other necessary qualities to serve effectively.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	: Applied - Annual shareholders' approval for independent directors serving beyond 9 years
<b>Explanation on application of the practice</b>	<p>The current strong independence element of the Board provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct. The Independent Non-Executive Directors also bring along the breadth and depth of experience to ensure that the strategies proposed by management are independently and objectively deliberated and examined, taking into account the interests of all stakeholders. Thus, the Board is presently of the view that there is no necessity to fix a maximum tenure limit for Directors as there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and knowledge of the Company's businesses and affairs. Similarly, the Board does not set a time-frame on how long an Independent Director should serve on the Board, mainly for the following reasons:-</p> <ul style="list-style-type: none"><li>- The ability of a Director to serve effectively as an Independent Director is very much dependent on his calibre, qualification, experience and personal qualities, particularly his integrity and objectivity, and has no real connection to his tenure as an Independent Director.</li><li>- NC would conduct an annual assessment of Independent Directors in respect of <i>inter alia</i> their skills, experience and contributions, and whether the Independent Directors are able to discharge their duties with unbiased judgement. Furthermore, the NC also would review the Directors Profile of Independent Directors and assess its family relationship, interest of shareholdings in the Company and related party transactions with the Group (if any).</li></ul> <p>In FYE2017, two (2) Independent Directors whom served for a cumulative term of more than 9 year were given the authority to continue serving as Independent Directors of the Company at the 13<sup>th</sup> Annual General Meeting held on 23 June 2017.</p>

Currently, the Independent Directors of the Company served more than a tenure of 12 years in the Company are:-

- a. Dato' Seri Dr. Kiew Kwong Sen who is the Independent Non-Executive Chairman of the Company and has served the Board for a cumulative term of more than twelve (12) years. Dato' Seri Dr. Kiew has demonstrated throughout the terms of his office to be independent by exercising independent judgement when a matter is put before him for decision. In addition, he also has the necessary knowledge of the business and operations of the Group and has the experience to make informed decision and participate actively and contribute positively during deliberations or discussions at Board Meetings.
- b. Ms. Chuah Poay Ngee, an Independent Non-Executive Director of the Company will serve on the Board for a cumulative term of twelve (12) years in November 2018. Her vast experience in the finance, accounting and taxation areas enabled her to provide the Board with a diverse set of experience, expertise and independent judgement and thereby, able to make informed decision and performed her duty diligently and in the best interest of the Company. She also participated actively and contribute positively during deliberations at Board Meetings.
- c. Prof. Ir. Dr. Ahmad Fadzil Bin Mohamad Hani, an Independent Non-Executive Director of the Company and has served the Board for a cumulative term of more than twelve (12) years. Prof. Ir. Dr. Fadzil has performed his duty diligently and provides a broader view, independent and balanced assessment throughout the terms of his office when a matter is put before him for decision. In addition, he also has the necessary knowledge, experience and is conversant with the business of the Group and has the experience to make informed decision and participate actively and contribute positively during deliberations or discussions at Board Meetings.

The Board has assessed and strongly recommend to the members of the Company to vote in favour of the resolution for Dato' Seri Dr. Kiew, Ms. Chuah and Prof Ir. Dr. Fadzil to continue to serve as Independent Non-Executive Directors of the Company at the AGM to be held on 24 May 2018.

The Company would adopt for single-tier voting for the retention of the aforesaid Independent Directors simply because the two-tier voting system may in effect give rise to the requirement to pass a resolution by more than a simple majority, it will be in conflict with Section 291 and 202 of the Companies Act 2016.

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

**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### 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.

<b>Application</b>	: Applied																																
<b>Explanation on application of the practice</b>	<p>The Board and the NC take into account the current diversity in the skills, experience, age, race/ethnicity (cultural background) and nationality of the existing Board in seeking potential candidate(s). This helps to ensure an appropriate balance between the experience perspectives of the long term directors and new perspectives that bring fresh insights to the Board.</p> <p>A set of quantitative and qualitative performance criteria has been established to evaluate the performance of each member of the Board, each Board Committee and reviewing the performance of the Board as a whole. The Board's effectiveness is assessed in the areas of composition, administration, accountability and responsibility, conduct and the performance of the Chairman and CEO. The criteria for assessment of each Director or Committee member shall include attendance record, intensity of participation at meetings, quality of interventions, special contributions to demonstrate a high level of professionalism and integrity in the decision-making process.</p> <p>A Board Skills Matrix has also been developed, and used as reference for the Board's refreshment and succession planning to complement one another. Having conducted the mapping exercise, the NC observed that the gap areas remain relevant in the current Board composition. The following Board Skills Matrix is based on the review conducted internally as part of the Board Effectiveness Evaluation exercise in 2017:-</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th colspan="2"></th> <th colspan="6">Industry / Background Experience</th> </tr> <tr> <th style="width: 20%;">Directors</th> <th style="width: 20%;">Designation</th> <th style="writing-mode: vertical-rl; transform: rotate(180deg);">Technology</th> <th style="writing-mode: vertical-rl; transform: rotate(180deg);">Marketing</th> <th style="writing-mode: vertical-rl; transform: rotate(180deg);">Industrial</th> <th style="writing-mode: vertical-rl; transform: rotate(180deg);">Corporate / Planning</th> <th style="writing-mode: vertical-rl; transform: rotate(180deg);">Accounting / Finance</th> <th style="writing-mode: vertical-rl; transform: rotate(180deg);">Governance Risk and Compliance</th> </tr> </thead> <tbody> <tr> <td>Dato' Seri Dr. Kiew Kwong Sen</td> <td>Chairman/ Independent Non-Executive Director</td> <td>√</td> <td></td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> <tr> <td>Chu Jenn Weng</td> <td>Managing Director / President / CEO</td> <td>√</td> <td></td> <td>√</td> <td>√</td> <td></td> <td>√</td> </tr> </tbody> </table>			Industry / Background Experience						Directors	Designation	Technology	Marketing	Industrial	Corporate / Planning	Accounting / Finance	Governance Risk and Compliance	Dato' Seri Dr. Kiew Kwong Sen	Chairman/ Independent Non-Executive Director	√		√	√			Chu Jenn Weng	Managing Director / President / CEO	√		√	√		√
		Industry / Background Experience																															
Directors	Designation	Technology	Marketing	Industrial	Corporate / Planning	Accounting / Finance	Governance Risk and Compliance																										
Dato' Seri Dr. Kiew Kwong Sen	Chairman/ Independent Non-Executive Director	√		√	√																												
Chu Jenn Weng	Managing Director / President / CEO	√		√	√		√																										



Siaw Kok Tong	Executive Director / Senior Vice President	√	√	√	√		√
Yeoh Shih Hoong	Executive Director / Senior Vice President	√		√	√		√
Prof Ir. Dr. Ahmad Fadzil Bin Mohamad Hani	Independent Non-Executive Director	√		√			
Chang Mun Kee	Independent Non-Executive Director			√	√		
Chuah Poay Ngee	Independent Non-Executive Director					√	√

The diversity in the race/ethnicity (cultural background), nationality, age and gender of the existing Board for FYE2017 were as follows:-

	Race / Ethnicity			Nationality	
	Bumiputra	Chinese	Foreign	Malaysian	Foreigner
Number of Directors	1	6	0	7	0

	Age Group (years)			Gender	
	40-49	50-59	60-70	Male	Female
Number of Directors	4	2	1	6	1

The appointment of key senior management was also made with due regard for diversity in skills, experience, age, cultural background and gender. Their detailed particulars are provided on Pages 12 to 13 of the Annual Report 2017. They are all Malaysians with diversity in the following perspectives as set out in the table:-

Race / Ethnicity			Age Group (years)			Gender	
Bumiputra	Chinese	Foreign	40-49	50-59	60-70	Male	Female
0	3	0	1	2	0	3	0

**Explanation for departure** :

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

**Measure** :

<b>Timeframe</b> :		
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**Intended Outcome**

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

**Practice 4.5**

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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>As at FYE2017, the Company recorded a woman participation of 14% in the Board.</p> <p>The Company values talent at all levels in supporting its growth in long term. The ability of a Director to serve is very much dependent on his calibre, qualification, experience and personal attributes. In this respect, the Board is presently of the view that there is no necessity to fix a specific gender diversity policy for the time being. Nevertheless, the Board will endeavor to tap talent from human capital market from time to time with the aim to have the right mix of female director in its Board in future.</p> <p>Alternative Practice: In connection with its efforts to create and maintain a diverse Board, the NC will review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually; and make recommendations to the Board with regards to any adjustment that are deemed necessary.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	To identify additional one woman director.
<b>Timeframe</b>	:	Within 1 year

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>While striving to achieve its goals and sustainability in long term, the Group is required continuously retain and attract the suitable talents at all levels in meeting its objectives. The Board prioritise the selection of candidate based on skills, experience and personal attributes and strongly believes that the performance of a candidate lies within one's self instead of the recommender/referrer. Accordingly, the Board is open on the channel in sourcing any potential candidate either recommendation from existing Board members/Management or through independent sources. During FYE2017, no new director was appointed.</p> <p>Should the proposed candidate was recommended by any Board member, such Director will be abstained and will continue to abstain from all deliberations and voting on the proposed nomination at all board/committee meetings. The NC will carry out an interview session with the proposed candidate before recommending to the Board for decision making.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	In FYE2017, the NC was currently led by an Independent Non-Executive Director, Ms. Chuah Poay Ngee. The NC shall make recommendations to the Board on the appointment of new executive and non-executive Directors, including making recommendations to the composition of the Board generally and the balance between executive and non-executive Directors appointed to the Board. The NC shall keep under review the leadership needs of the organization with a view of ensuring the continued ability to compete effectively in the organization's marketplace. On 24 February 2017 and 22 February 2018, the NC Chairperson led the annual review of the individual Director and Board/Committee effectiveness in relation to FYE2016 and FYE2017 respectively.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company has in place its procedures and criteria for appointment of new directors. All candidates for appointment are first considered by the NC, taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities required to well manage the business, with the aim to meet the current and future needs of the Board composition. The NC also evaluates the candidates' character and ability to commit sufficient time to the Group. Other factors considered for appointment of Independent Director will include the level of independence of the candidates.</p> <p>The NC will also be reviewing the composition of respective board committee of the Group to ensure its effectiveness in functioning.</p> <p>The NC also establishes a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, each Board Committee and reviewing the performance of the Board as a whole. The Board's effectiveness is assessed in the areas of composition, administration, accountability and responsibility, conduct and the performance of the Chairman and CEO. The criteria for assessment of each Director or Committee member shall include attendance record, intensity of participation at meetings, quality of interventions, special contributions to demonstrate a high level of professionalism and integrity in the decision-making process.</p> <p>Before the introduction of the Code in April 2017, the NC had on 24 February 2017, conducted an assessment of the effectiveness of the Board, respective Board Committee and Independence were carried out in respect of the FYE 2016. Appraisal form which comprising quantitative and qualitative performance criteria to evaluate the performance of each member of the Board as well as each Board Committee, were being circulated at the Meeting for assessment. The NC reviewed the required mix of skills, experience and other qualities</p>

	<p>of the Board and Board Committee and agreed that it has the necessary mix of skill, experience and other necessary qualities to serve effectively.</p>	
	<p>Alternative Practice: On 22 February 2018, the NC conducted an assessment ("the Assessment") of the effectiveness of the Board, respective Board Committee and Independence were carried out in respect of the FYE2017 without the engagement of independent experts.</p> <p>During the Assessment, the NC also:-</p> <ul style="list-style-type: none"> <li>- recommended to the Board on those Directors who retire pursuant to relevant Article(s), being eligible, to seek re-election during the AGM to be held on 24 May 2018; and</li> <li>- reminded the Directors should continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance developments.</li> </ul>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>: The Board in the opinion that the annual evaluation carried out by the Board Committee are sufficient to address effectiveness of the Board, Board Committee and individual director.</p>	
<p><b>Timeframe</b></p>	<p>: Others</p>	<p>Not applicable</p>

## 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.

<b>Application</b>	:	Applied																																												
<b>Explanation on application of the practice</b>	:	<p>The Board has established a formal and transparent process for approving the remuneration of the Board and Board Committees.</p> <p>The fees of the NEDs and any benefits payable to the said Directors shall from time to time be determined by an Ordinary Resolution of the Company in the general meeting in accordance with Section 230 of the Companies Act 2016.</p> <p>The RC will meet at least once in a financial year to formulate and review the remunerating policies and remuneration of members of the Board, Board Committee and the CEO / Managing Director and recommend the same to the Board for approval. The RC in carrying out its tasks under these terms of reference may obtain such external or other independent professional advice as it considers necessary to carry out its duties.</p> <p><u>Board and Board Committee</u></p> <p>There was no change in the Board remuneration in FYE2017 as summarised in the table below:-</p> <table border="1"> <thead> <tr> <th rowspan="2">Description</th> <th colspan="2">Chairman / NEDs</th> <th colspan="2">ED</th> </tr> <tr> <th>Current</th> <th>Proposed</th> <th>Current</th> <th>Proposed</th> </tr> </thead> <tbody> <tr> <td><b>Meeting allowance (per meeting)</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Board of ViTrox</td> <td>RM400</td> <td>RM400</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>Board Committee</td> <td>RM400</td> <td>RM400</td> <td>NA</td> <td>NA</td> </tr> <tr> <td><b>Trip allowance (per trip) for out-stationed Director</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Board of ViTrox</td> <td>RM400</td> <td>RM400</td> <td>NA</td> <td>NA</td> </tr> <tr> <td><b>Statutory contribution (%) - EPF</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Board of ViTrox</td> <td>13%</td> <td>13%</td> <td>28%</td> <td>28%</td> </tr> </tbody> </table>	Description	Chairman / NEDs		ED		Current	Proposed	Current	Proposed	<b>Meeting allowance (per meeting)</b>					Board of ViTrox	RM400	RM400	NA	NA	Board Committee	RM400	RM400	NA	NA	<b>Trip allowance (per trip) for out-stationed Director</b>					Board of ViTrox	RM400	RM400	NA	NA	<b>Statutory contribution (%) - EPF</b>					Board of ViTrox	13%	13%	28%	28%
Description	Chairman / NEDs			ED																																										
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	Board Committee	13%	13%	28%	28%
	<b>Benefit</b>	<b>Current</b>	<b>Proposed</b>	<b>Current</b>	<b>Proposed</b>
	Board of ViTrox	RM6,000 per annum	RM6,000 per annum	NA	NA
	<b>Other benefit</b>	<b>Current</b>	<b>Proposed</b>	<b>Current</b>	<b>Proposed</b>
	ESOS Entitlement (as approved in ESOS by-Laws)	Yes	Yes	Yes	Yes
	<p><u>Senior Management and employees</u></p> <p>The Executive Committee reviews the Group's compensation policy then recommends to the RC to ensure alignment of compensation to corporate performance and individual performance. The total remuneration analysis and salary matrix review were prepared internally with the aim to ensure that the compensation offered is in line with the market practice, to remain competitive for talent attraction and retention.</p> <p>The Executive Committee is also responsible to review the annual salary increments and performance bonuses in respect of financial year based on KPI as determined in the beginning of the year.</p> <p>The ESOS Committee was formed in accordance with the By-Laws of ESOS and is responsible for approving the employees share grants for each financial year, if any.</p>				
<b>Explanation for departure</b>	:				
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>					
<b>Measure</b>	:				
<b>Timeframe</b>	:				

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The RC comprises majority of Independent Non-Executive Directors ("NEDs"). The Terms of Reference ("TOR") of the RC delineate the roles and responsibilities in relation to the remuneration matters are available at ViTrox's Website.</p> <p>The Board is satisfied that the RC has effectively and efficiently discharged its roles and responsibilities with respect to its remuneration functions, which include amongst others, reviews of the remuneration policies for Executive Directors, Non Executive Directors and CEO / Managing Director.</p> <p><b>Board</b> Board remuneration reviewed by the RC. It is the Company's policy to remunerate Directors adequately to attract and retain the Directors of the necessary caliber to manage its business.</p> <p><b>Directors' Fee</b> The payment of Directors' Fee of up to RM144,000 for the FYE2017 was approved by the shareholders at the 13<sup>th</sup> AGM held on 23 June 2017.</p> <p>The Directors' fee of up to RM246,000 for the period from 1 January 2018 until the next Annual General Meeting (AGM) will be sought for approval at the 14<sup>th</sup> AGM.</p> <p><b>Benefit Payable (excluding Directors' Fee)</b> The benefits payable to the NEDs comprise the allowances and other emoluments.</p> <p>At the 13th AGM, approval was given for the payment of the benefits up to RM85,848 to the NEDs of the Company from 31 January 2017</p>

	<p>until the 14th AGM of the Company on 24 May 2018 (“16 months”). The utilisation of this approved amount as at 31 December 2017 was RM67,724. Based on the scheduled meetings in the first quarter of 2018, an amount of RM55,840 is expected to be utilised for payment of meeting allowance and other benefits to the NEDs.</p> <p>Based on the Remuneration Policy and subject to the shareholders’ approval at the 14<sup>th</sup> AGM, the total amount of benefits payable to the NEDs is estimated to be up to RM112,054 from 1 June 2018 until the next AGM in 2019 (“Current Period”), after taking into account various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of NEDs will be involved in these meetings.</p> <p>The aforesaid approval is sought as the Board is of the view that it is just and equitable for the NEDs to be paid the benefits on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Current Period.</p> <p><b>CEO</b> The CEO’s remuneration package is structured so as to link to corporate and individual performance which comprises fixed and variable components, determined based on the KPI in the Corporate Hoshin, as approved by the Board.</p> <p><b>Employees</b> In January 2017 &amp; July 2017, the Executive Committee assessed the performance of the key management personnel based on their performance with regard to the Corporate Hoshin and Division/Department Hoshin results as well as competencies. To ensure consistency in performance assessment, the final performance ratings as decided by the Executive Committee are used for the purpose of determining their performance bonus and annual increment.</p>
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</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.

<b>Application</b>	:	Applied																																																																																															
<b>Explanation on application of the practice</b>	:	<p>The disclosure of the Directors' remuneration on a named basis has been made in the Profile of Directors of the Annual Report 2017:-</p> <table border="1"><thead><tr><th>Remuneration received from the Company</th><th>Fees RM</th><th>Salaries, Bonuses, EPF &amp; Other Emoluments RM</th><th>Allowances RM</th><th>Total RM</th></tr></thead><tbody><tr><td><b>Executive</b></td><td></td><td></td><td></td><td></td></tr><tr><td>Chu Jenn Weng</td><td>-</td><td>346,633</td><td>36,000</td><td>382,633</td></tr><tr><td>Siaw Kok Tong</td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Yeoh Shih Hoong</td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td><b>Total</b></td><td><b>-</b></td><td><b>346,633</b></td><td><b>36,000</b></td><td><b>382,633</b></td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td><b>Non-Executive</b></td><td></td><td></td><td></td><td></td></tr><tr><td>Dato' Seri Dr. Kiew Kwong Sen</td><td>36,000</td><td>6,188</td><td>12,000</td><td>54,188</td></tr><tr><td>Prof. Ir. Dr. Ahmad Fadzil Bin Mohamad Hani</td><td>36,000</td><td>5,876</td><td>9,600</td><td>51,476</td></tr><tr><td>Chuah Poay Ngee</td><td>36,000</td><td>6,134</td><td>12,000</td><td>54,134</td></tr><tr><td>Chang Mun Kee</td><td>36,000</td><td>5,926</td><td>10,000</td><td>51,926</td></tr><tr><td><b>Total</b></td><td><b>144,000</b></td><td><b>24,124</b></td><td><b>43,600</b></td><td><b>211,724</b></td></tr></tbody></table> <table border="1"><thead><tr><th>Remuneration received from the subsidiaries</th><th>Fees RM</th><th>Salaries, Bonuses, EPF &amp; Other Emoluments RM</th><th>Allowances RM</th><th>Total RM</th></tr></thead><tbody><tr><td><b>Executive</b></td><td></td><td></td><td></td><td></td></tr><tr><td>Chu Jenn Weng</td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Siaw Kok Tong</td><td>-</td><td>310,866</td><td>36,000</td><td>346,866</td></tr><tr><td>Yeoh Shih Hoong</td><td>-</td><td>287,325</td><td>36,000</td><td>323,325</td></tr><tr><td><b>Total</b></td><td><b>-</b></td><td><b>598,191</b></td><td><b>72,000</b></td><td><b>670,191</b></td></tr></tbody></table>	Remuneration received from the Company	Fees RM	Salaries, Bonuses, EPF & Other Emoluments RM	Allowances RM	Total RM	<b>Executive</b>					Chu Jenn Weng	-	346,633	36,000	382,633	Siaw Kok Tong	-	-	-	-	Yeoh Shih Hoong	-	-	-	-	<b>Total</b>	<b>-</b>	<b>346,633</b>	<b>36,000</b>	<b>382,633</b>						<b>Non-Executive</b>					Dato' Seri Dr. Kiew Kwong Sen	36,000	6,188	12,000	54,188	Prof. Ir. Dr. Ahmad Fadzil Bin Mohamad Hani	36,000	5,876	9,600	51,476	Chuah Poay Ngee	36,000	6,134	12,000	54,134	Chang Mun Kee	36,000	5,926	10,000	51,926	<b>Total</b>	<b>144,000</b>	<b>24,124</b>	<b>43,600</b>	<b>211,724</b>	Remuneration received from the subsidiaries	Fees RM	Salaries, Bonuses, EPF & Other Emoluments RM	Allowances RM	Total RM	<b>Executive</b>					Chu Jenn Weng	-	-	-	-	Siaw Kok Tong	-	310,866	36,000	346,866	Yeoh Shih Hoong	-	287,325	36,000	323,325	<b>Total</b>	<b>-</b>	<b>598,191</b>	<b>72,000</b>	<b>670,191</b>
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	Chuah Poay Ngee	-	-	-	-
	Chang Mun Kee	-	-	-	-
	<b>Total</b>	-	<b>598,191</b>	<b>72,000</b>	<b>670,191</b>
<b>Explanation for departure</b> :					
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>					
<b>Measure</b> :					
<b>Timeframe</b> :					

### 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Details of the remuneration of the top 5 senior management are not disclosed on a named basis as the Board is of the view that the transparency and accountability aspects on disclosure of the remuneration. The current number of senior management is insignificant in FYE2017.	
		The remuneration of Key Senior Management is based on their skill, experiences and their KPI as set out. The detailed remuneration disclosure may expose the key personnel to competitor for unnecessary action.	
Alternative Practice: The Company opted out of the recommendation mainly due to the sensitivity and privacy of the information.			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The relevant action/disclosure will be taken as and when the number of Key Senior Management become significant to the Group.	
<b>Timeframe</b>	:	Others	TBD

**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In FYE2017, the AC Chairman was not the Chairman of the Board.</p> <p>The current AC comprises four (4) members who are wholly Independent Non-Executive Directors ("NEDs").</p> <p>The AC Chairman, Ms. Chuah Poay Ngee, an Independent NED is a Chartered Accountant of the Malaysian Institute of Accountants.</p> <p>Dato' Seri Dr. Kiew Kwong Sen, an Independent NED is the Chairman of the Board.</p> <p>The ToR of the AC has been amended and approved by the Board on 29 March 2018 to reflect the requirements in Practice 8.1 of the MCCG that <i>"The Chairman of the AC must not be the Chairman of the Board"</i>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	None of the members of the Board were former key audit partners within the cooling-off period of two (2) years. Hence, there is no such person being appointed as a member of the AC. It is noted that the "cooling-off" period is founded in the By-Laws (on Professional Ethics, Conduct and Practice) by the Malaysian Institute of Accountants. Alternative Practice: NIL
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Whilst this practice has always been adopted by ViTrox, the ToR of the AC has been amended and approved by the Board on 29 March 2018 to reflect the requirements in Practice 8.2 of the MCGG that "A former key audit partner shall observe a cooling-off period of at least 2 years before being appointed as a member of the AC or such other period stipulated under the By-Laws (on Professional Ethics, Conduct and Practice) by the Malaysian Institute of Accountants, whichever is longer".
<b>Timeframe</b>	:	Others Complied in FYE2018

### 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Apart from the assessment guided by the External Auditors Performance and Independence Checklist recommended by the CG Guide – 2<sup>nd</sup> Edition, the assessment on the suitability, objectivity and independence of the External Auditors, amongst others, are:-</p> <ul style="list-style-type: none"><li>• On 17 November 2016, the External Auditors, Messrs. Crowe Horwath ("CH") presented for the AC its 2017 Audit Planning Memorandum which outlined its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters;</li><li>• On 22 March 2017, presentation of the draft Audited Financial Statements (FS) for the year ended December 31, 2016 and the status of the two Key Audit Matters;</li><li>• At the Meeting held on 22 February 2018, the External Auditors tabled and the AC reviewed the Audit Review Memorandum of the Group for FYE 2017;</li><li>• Discussion session held with the External Auditors without the presence of the Executive members;</li><li>• Please refer the Audit Committee Report of the Annual Report for more details.</li></ul> <p>which also formed part of the AC's assessment. Based on the outcome of its assessment, the AC decides whether or not to recommend to the Board for the shareholders' approval to be sought on the re-appointment of external auditors at the forthcoming 14<sup>th</sup> Annual General Meeting ("AGM").</p> <p>The Board maintains a transparent relationship with external auditors. Members of the AC meet the external auditors at least twice a year without the presence of the executive Board members to discuss the results and concerns arising from their audit.</p> <p>After having assessed and satisfied with the performance of CH and its audit independence, on 22 February 2018, the AC had recommended the re-appointment of CH to the Board for approval by its shareholders at the forthcoming 14th AGM.</p> <p>Having regard to the outcome of the annual assessment of external auditors, the Board had on 22 February 2018 approved the AC's recommendation for the shareholders' approval to be sought at the</p>

	14 <sup>th</sup> AGM on the appointment of CH as external auditors of the Company for the financial year ending 2018.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The AC comprises wholly of Independent Non-Executive Directors ("NEDs").  As of the publication of this CG Report, the AC still comprised solely of Independent NEDs.

### 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual Board Committee effectiveness evaluation.</p> <p>The AC members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p> <p>The Chairman and members of the AC are financially literate.</p> <p>Based on the outcome of the AC effectiveness assessment of the Board Effectiveness Evaluation 2017, the Board was satisfied with the AC's performance as its Chairman and members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC and have carried out their duties in accordance with the TOR of the AC. The AC was involved in the following:-</p> <p>1. Financial Reporting</p> <p>In overseeing the Company's financial reporting, the AC reviewed the following prior to recommending them for approval by the Board and issuance to the shareholders:-</p> <ul style="list-style-type: none"><li>• the quarterly financial statements; and</li><li>• the annual financial statements with the presence of the External Auditors.</li></ul> <p>(a) The Managing Director/President/CEO /CFO provided assurance to the AC on a quarterly basis that appropriate accounting policies had been adopted and applied consistently; that the going concern basis applied in the</p>

	<p>Annual Financial Statements and Condensed Consolidated Financial Statements was appropriate; that prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs; that adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs, IASs and Main LR; and that the Annual Financial Statements and quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and the respective companies within the Group for 2017.</p> <p>(b) The External Auditors, also confirmed to the AC that it has complied with the ethical requirements regarding independence, with respect to the audit of the Group in accordance with the <i>By-Laws (on Professional Ethics, Conduct and Practice)</i> of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i>; has not, up to the date of 19 February 2018, identified any significant accounting and audit issues during the course of audit.</p> <p>(c) The External Auditors presented their Independent Auditors' Report on the Annual Financial Statements for the financial year ended 31 December 2017 together with the key audit matters.</p> <p>(d) to elaborate on the co-ordination between CH &amp; BDO Governance Advisory Sdn Bhd (BDO).</p> <p>2. Continuous Education</p> <p>The AC members were invited to various training programmes to keep abreast of relevant industry developments including accounting and auditing standards, business practices and rules, to address any skills or knowledge gaps according to their needs. The details training attended stated in Practice 2.1.</p>
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>	

<b>Timeframe</b> :		
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## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to maintain a strong and robust control structure and environment for the proper conduct of the Group's business operations.</p> <p>The Board has established an organisation structure with clearly defined line of responsibility, authority limits and accountability aligned to business and operation requirements which supports the maintenance of a strong and robust control environment.</p> <p>The Group is continuously committed in setting suitable standards whilst maintaining an effective risk management framework to ensure the Group's objective are achieved and stakeholders interest are protected. The Board acknowledges its responsibility to adopt best practices in risk management and internal control as part of the Group's business culture.</p> <p>The level of risk tolerance of ViTrox is expressed through the use of a risk impact and likelihood matrix with an established risk tolerance boundary demarcating those risks that are deemed to have "exceeded risk tolerance" and those that have not. Clear risk treatment guidance is in place stipulating the actions to be taken for each type of risk. For more details on this Practice, please refer the Statement on Risk Management and Internal Control of the Annual Report 2017.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board via the RMC oversees the risk management matters of the Group, which include identifying, managing, monitoring, treating and mitigating significant risks across the Group. The RMC also assists the Board to fulfil its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure of the Group. The RMC is also responsible for overseeing the compliance and business continuity functions of the Group.</p> <p>The RMC reviews with the AC and recommends for the Board's consideration and approval, the risk management principles, frameworks and policies for managing risks within the Group. The RMC also monitors and assesses the risk appetite and risk tolerance of the Group, so as to safeguard the shareholders' investments and the Group's assets.</p> <p>The Group has an established and structured process for the identification, assessment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies and controls at the divisional and enterprise levels. The analysis and evaluation of risks are guided by approved risk criteria. The Group also has risk management tools to support the risk management process and reporting.</p> <p>On 17 August 2017, the RMC reviewed and recommended the Enterprise Risk Profile 2017 which specifies top 5 operational and top 5 non-operational risks of the Group with the AC. The Board at its meeting held considered the residual risk severity of the top 10 key risks of the Group and took into consideration the potential impact from any foreseeable future event or situation which could adversely affect the strategic objectives of the Group. The RMC regularly monitors the key risks facing the business in order to stay current on governance practices relating to the risk.</p> <p>For more details on this Practice, please refer the Statement on Risk Management and Internal Control of the Annual Report 2017.</p>

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

**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.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has outsourced the internal audit (“IA”) function to BDO, an independent professional firm of consultants.</p> <p>The IA plan was circulated to the AC prior to the execution of the assignment. Findings arising from the IA exercise were reported and discussed at the AC meeting.</p> <p>IA is carried out to assess the adequacy and integrity of the internal control system of the Group based on the IA plan reviewed and approved by the AC. Based on the audits, the internal auditors will advise management on areas of improvement and subsequently, initiate follow-up actions to determine the extent of implementation of their recommendations.</p> <p>The IA engagements were carried out based on the IA plan 2017 as approved by the AC. The results of the audits as disclosed in the IA reports were reviewed by the AC. The relevant Management members were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes. IA conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately. In this respect, IA has added value by enhancing the governance, risk management and control processes within the Group.</p> <p>During the year under review, the internal auditors have not reported any significant weaknesses in the system of internal controls of the Group.</p> <p>The AC reviewed the IA Function yearly and on 22 February 2018, an Assessment of the IA Function (resources of the IA, experience, competency etc.) in respect of FYE2017 was being performed. The AC concluded that based on the Assessment, the IA Function was found adequate thus far.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All auditing endeavours are conducted in compliance with the Institute of Internal Auditors’ (“IIA”) Definition of Internal Auditing, Code of Ethics and the International Standards for Professional Practice of Internal Auditing.</p> <p>The IA function has several personnel comprising the Director of BDO. The Director is a Member of the Fellowship of Chartered Certified Accountants (FCCA) and Institute of Internal Auditors Malaysia (IIAM).</p> <p>The AC was also satisfied that the IA function is performed in accordance with the IIA's Definition of Internal Auditing and Code of Ethics and that it conforms to the International Standards for Professional Practice of Internal Auditing. This would enable the IA function to continuously deliver value-added assurance to ViTrox and to support ViTrox in achieving its corporate and strategic objectives.</p>
<b>Explanation for departure</b>	:	  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>ViTrox ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure. ViTrox also actively engages all its stakeholders through various platforms including the announcements via Bursa LINK, disclosures on ViTrox's website and engagement through the investor relations function.</p> <p>In 2017, a number of events were held during the year to maintain an open communication with the investors, shareholders, intermediaries, regulators, employees and other communities.</p> <p>ViTrox via its website, includes an Investor Relation ("IR") section which provides all relevant information on the Company, and it is accessible to the public. This section enhances the IR function by including all announcements made by ViTrox, annual reports and the corporate and governance of ViTrox.</p> <p>The IR function is established to enable continuous communication between the Company and its stakeholders. The stakeholders are encouraged to channel their concerns to the Contact Us section whose name, contact number and e-mail address or <a href="mailto:enquiry@vitrox.com">enquiry@vitrox.com</a> is provided on ViTrox's website, Contact Us section.</p> <p>To facilitate the stakeholders' understanding of the Company with respect to the business of the company and its policies on governance, the Company has placed various documents pertaining to the organisation, Board and Management, corporate governance, policies, charters, terms of references as well as other corporate information on its Website under 'Company section for easy reference. ViTrox's Facebook also serves a communication platform of its stakeholders with Corporate development, functions, products information, etc.</p> <p>The quarterly financial results are also announced via Bursa LINK immediately after the Board's approval after 5.00p.m. on the same day and analyst briefings are conducted in the subsequent working day. This is important in ensuring equal and fair access to information is provided to the investing public, so that they are able to make</p>

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



**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company noted that the <IR> process is an ongoing journey to improve quality of information disclosures to stakeholders and promote greater transparency and accountability on ViTrox.	
		Alternative Practice: NIL	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	With the present resources, the Company is not ready for this reporting.	
<b>Timeframe</b>	:	Others	TBD

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company despatched the notice of 13<sup>th</sup> AGM on 28 April 2017 for holding the said AGM on 23 June 2017 where the notice was given to the shareholders at least 28 days prior to the meeting.</p> <p>The Notice of 14<sup>th</sup> AGM was sent on 25 April 2018 for holding the said AGM on 24 May 2018, which is also at least 28 days prior to the meeting.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>At the 13<sup>th</sup> AGM, five (5) Directors were present in person to engage directly with shareholders, and be accountable for their stewardship of the Company. Amongst them were the Chairmen of the AC, NC and RMC respectively.</p> <p>The shareholders were invited to participate in the Question &amp; Answer session conducted after the general meeting and the CEO also presented the Company's operating and financial performance for 2016 during the session.</p> <p>The Directors, CEO, Management and external auditors were in attendance to respond to the shareholders' queries. Officers of the Company were present to handle other face-to-face enquiries from shareholders.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The voting at the 13th AGM held on 23 June 2017 was conducted by poll voting in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. ViTrox had appointed Securities Services (Holdings) Sdn Bhd ("SSHSB") as Poll Administrator to conduct the polling process, and Commercial Quest Sdn Bhd ("CQ") as Scrutineers to verify the poll results.</p> <p>Voting slips were issued by SSHSB upon registration at the 13<sup>th</sup> AGM. The polling process for the resolutions was conducted only upon completion of the deliberation of all items transacted at the 13<sup>th</sup> AGM.</p> <p>The Scrutineers, CQ upon verification of the poll results, submitted the results for each resolution, which include votes in favour and against, upon which the Chairman of the Meeting declared whether the resolutions were carried. The poll results were also announced by ViTrox via Bursa LINK on the same day for the benefit of all shareholders.</p> <p>The 13th AGM was held at ViTrox Corporation Berhad in Penang. This venue was easily accessible as it was familiar to most shareholders of the Company since several past AGMs were held at the same venue.</p> <p>Notwithstanding the recommendation of the MCG, ViTrox does not intend to have voting in absentia and remote participation at AGM by shareholders in the near future as the Company does not have large number of shareholders.</p> <p>Alternative Practice: In view of the above, the Company will carefully consider all factors including all applicable requirements, necessary framework and processes, as well as communication to shareholders, for implementation Practice 12.3 in due course.</p> <p>Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his stead at a general meeting.</p>

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

<b>Measure</b>	:	Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his stead at a general meeting.	
<b>Timeframe</b>	:	Others	Not applicable

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

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

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