

CORPORATE GOVERNANCE REPORT

STOCK CODE : 9288
COMPANY NAME : BONIA CORPORATION BERHAD (223934-T)
FINANCIAL YEAR : 30 JUNE 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

Definitions:

Except where the context otherwise requires, the following definitions shall apply throughout this report:

“AGM”	:	Annual General Meeting
“ARC”	:	The Audit & Risk Management Committee of Bonia
“BMSB”	:	Bursa Malaysia Securities Berhad
“Board”	:	The Board of Directors of Bonia
“Bonia” or “Company”	:	Bonia Corporation Berhad (223934-T)
“Bonia Group” or “Group”	:	Bonia Corporation Berhad and its subsidiaries
“CA2016”	:	Companies Act 2016
“CEO”	:	Chief Executive Officer
“MCCG”	:	Malaysian Code on Corporate Governance 2017
“MLLR”	:	Main Market Listing Requirements of BMSB
“NRC”	:	The Nomination & Remuneration Committee of Bonia

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and responsibilities of the Board are stated in the Company’s Board Charter that is available on its website.</p> <p>The Board is to focus on governance and stewardship of the business carried on by the Group as a whole.</p> <p>With the assistance of the senior management, the Board reviews and decide at its discretion the strategy for the Group from time to time, and monitor performance against those objectives in the changing business environment.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>During the FY2018, the Board was headed by Chiang Sang Sem, the then Group Executive Chairman cum Chief Executive Director.</p> <p>He provided the necessary leadership and governance to the Board so as to foster overall Board and individual Directors effectiveness. He ensured that key issues of the Group were discussed or decided by the Board in a timely manner and provided adequate time for thorough discussion of critical and strategic issues during Board meetings.</p> <p>On 01 September 2018, Dato’ Mohamed Khadar Bin Merican assumed the role as the Senior Independent Non-Executive Chairman of the Company.</p> <p>He acts as an independent counsellor, adviser and listener to the members of the Board. He takes full account of the important issues facing by the Group and the concerns of all Directors, and ensures the Board as a whole plays a full and constructive part in the development and determination of the Group’s strategies and policies, and that Board decisions taken are in the Group’s best interests and fairly reflect Board’s consensus.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>During the FY2018, Chiang Sang Sem was the Group Executive Chairman cum CEO of the Company whereas the Group Managing Director position was held by a different person namely Datuk Chiang Heng Kieng.</p> <p>The Company practiced the division of responsibility between the Group Executive Chairman cum CEO and the Group Managing Director. The responsibilities of the Chairman should include leading the Board in the oversight of management, whilst the Managing Director focused on the businesses and day-to-day operation of Bonia Group and the same are specified in the Board Charter, which is available on the Company’s website under the Corporate Governance section.</p> <p>On 01 September 2018 –</p> <ul style="list-style-type: none"> • Chiang Sang Sem stepped down as the Group Executive Chairman cum CEO and was re-designated as the Founder cum Executive Director, • Datuk Chiang Heng Kieng resigned as the Group Managing Director and was re-designated as an Non-Independent Non-Executive Director • Dato’ Mohamed Khadar Bin Merican took up the role as the Senior Independent Non-Executive Chairman <p>and thereafter, Chiang Sang Sem was appointed Group CEO to focus on the day-to-day operation activities of the Group on 02 October 2018. His new designation is “Founder, Group CEO and Group Executive Director”.</p> <p>Such splitting of roles is seen to enable the CEO to focus on short-term priorities and the Chairman to bring a longer term perspective. This also to ensure that the Chair role is not cross over into performing management duties.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretaries of Bonia namely Chong Chin Look, a member of MIA, Chok Kwee Wah, a member of MACS and Tan Kean Wai, a member of MAICSA, all are qualified to act under Section 235 of the CA2016.</p> <p>The Company Secretaries are classified as “officers” of the Company under CA2016. They assist the Board and respective Directors on matters of governance and directors’ duties that include, inter alia, disclosure obligations, dealing with conflicts of interest, managing the interests of the shareholders and other stakeholders, and complying with applicable rules and regulations. They also become a communicator to the regulatory authorities such as Suruhanjaya Syarikat Malaysia, BMSB, Securities Commission Malaysia and etc.</p> <p>The key responsibilities of the Company Secretaries include:</p> <ul style="list-style-type: none"> • advising the Board on its roles and responsibilities • managing board process • understanding and assisting the Company to comply with its statutory obligations • organising performance reviews • advising the Board on corporate governance matters <p>The Company Secretaries constantly keep themselves abreast of the latest changes or developments in the regulatory framework and governance practices through attendance of various training programmes. The training programmes attended by them are disclosed in the Corporate Governance Overview Statement as contained in the Annual Report 2019 of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>Annual general meeting and meetings of the Board and Board committees are pre-scheduled and confirmed by the Board at the beginning of each financial year to enable the Directors to plan their attendance.</p> <p>The Directors receive comprehensive meeting materials such as the management reports and proposal papers in relation to the agenda within a reasonable period prior to the meetings to allow Directors sufficient time to review and consider the matters to be discussed in the meetings. Senior management or external advisers may be invited to join the meetings to provide further details or advises to the Board or Board committees on the matters to be deliberated.</p> <p>Minutes which serve as an evidence of the proceedings of the Board or Board committee meetings, are being circulated and confirmed by the Board or Board Committees at the next meeting. Thereafter, the minutes are entered into the Minutes Book of the Company as permanent records.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.
 There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter that is available on the Company’s website, sets out the Board’s strategic intent and outlines the roles and responsibilities, functions, operation and processes of the Board, serves as a guidance to the Board to ensure that its Board members are fully aware of their roles and responsibilities.</p> <p>It acts as a source reference and primary induction literature to provide insights to prospective Board members and senior management. It also assists the Board in the assessment of its own performance and that of its individual directors.</p> <p>Periodical reviews on the Board Charter will be carried out in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s duties and responsibilities.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board observes the “Code of Ethics for Company Directors” as prescribed by the Companies Commission of Malaysia which provides guidance on the standards of conduct and prudent business practices as well as standards of ethical behavior to the Directors. It is being published on the Company’s website under the Corporate Governance section.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	The Whistleblowing Policy of Bonia Group that governs the disclosures, reporting and investigation of misconduct within the Group as well as the protection offered to the whistleblowers from detrimental action in accordance to regulatory provisions, is in place and is available on the Company's website.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 4.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>During the FY2018, there were 6 Executive Directors, 3 Independent Non-Executive Directors and an Alternate Director on the Board, and it was chaired by the then Group Executive Chairman cum Chief Executive Officer.</p> <p>To further reinforce independence, the Board was restructured on 01 September 2018 to be chaired by the newly joined Senior Independent Non-Executive Chairman. He is supported by 4 Executive Directors, 2 Non-Executive Non-Independent Directors, 2 Independent Non-Executive Directors and 2 Alternate Directors.</p> <p>Since then, out of a total of 9 members on Board, only 4 members have executive functions. As such, the Board is of its view that although the number of independent directors is less than half of the Board (3 over 9), its Independent Directors are adequate at present to provide the necessary check and balance to the Board's decision-making process.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>During its meeting held in August 2018, the Board has carried out an annual assessment on the effectiveness and independence of Chong Sai Sin, the Independent Director who has served the Company for a cumulative term of 9 years or more, and the result was satisfactory to the Board.</p> <p>Thereafter, the proposal with justifications to retain Chong Sai Sin as Independent Executive Director was tabled and approved by the shareholders of the Company in the Company's 27th AGM held on 26 November 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Applied
Explanation on application of the practice	:	<p>As stated in the Company's Board Charter, those independent director(s) who has served cumulative 9 years term limit may, upon recommendation of the Board, seek shareholders' approval on his re-appointment subject but not limited to:</p> <ul style="list-style-type: none"> • he has met the independence guidelines as set out in Chapter 1 of the MMLR; and • he does not have any conflict of interest with the Company and has not been entering/is not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board consists of qualified individuals with a mix of skills that brings in-depth of knowledge, experience and perspectives to the Group's business operations.</p> <p>Every appointment to the Board have been evaluated by the NRC and thereafter, the Board, with due consideration be given to, among others, the diverse skills, experience, integrity, competence and achievements of the candidates.</p> <p>For the appointment of senior management, the Executive Directors, at their discretion, assessed and determine the suitability of the candidates with due consideration be given to, among others, the diverse skills, experience, integrity, competence and achievements of such candidates.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 4.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board presently does not have any policy on gender diversity.</p> <p>During the FY2018, the Board comprised only male Directors.</p> <p>Since 01 September 2018, the Board was restructured whereby there are 2 female Directors (1 Independent Non-Executive Director, and 1 alternate Director) on our Board who serve to bring value to the Board discussions from different perspectives and approaches.</p> <p>According to our HR internal statistical report, women hold approximately 30% of the senior management positions in Bonia Group.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	Apart from relying on recommendations from existing Board members, senior management or major shareholders, the Board, if so required, will also refer to independent source, e.g. professional advisers, business associates etc. to identify suitably qualified candidates for appointment to the Board.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>During the FY2018, the NRC was chaired by Dato' Shahbudin Bin Imam Mohamad (the then Independent Non-Executive Director).</p> <p>On 01 September 2018, the NRC was restructured to be chaired by the newly joined Senior Independent Non-Executive Director namely Dato' Mohamed Khadar Bin Merican.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>During the FY2019, the NRC and the Board carried out annual Board and committees assessments by individual directors, self and peer assessments together with an assessment of independence of independent directors for the purposes of evaluating the performance of the Board as a whole, the Committees of the Board, each of the individual Board member, and the independence of the Independent Directors.</p> <p>The following key evaluation criteria have been carefully reviewed during the assessments:</p> <ul style="list-style-type: none"> • Performance of the Board and Board Committees - composition, structure, processes, principal responsibilities, succession planning and governance matters. • Performance of each individual Board member, and independence of Independent Directors - competence, integrity, skills, experience, commitment, contribution, conflict of interest and independence as guided by the MMLR. <p>Overall assessment results were satisfactory to both the NRC, and the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC was tasked to review and recommend to the Board the remuneration of Directors and senior management on an annual basis, to ensure that rewards commensurate with their talent and individual performance.</p> <p>The affected Directors had abstained from the participation in Board deliberations and decision regarding their individual remuneration.</p> <p>Fees payable to both Executive and Non-Executive Directors, benefits payable to the Independent Non-Executive Directors, ex-gratia payment payable to former Directors (if any) are subject to approvals by the shareholders at the Company's 28th AGM.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board has combined the roles of nomination committee and remuneration committee and established the NRC to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management. The NRC Charter which deals with its authority and duties is available on the Company's website.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	The details of the fees and remuneration of those Directors on board during FY2019 who were also the top senior management of the Group (received/receivable from the Company and/or its subsidiaries) are disclosed in the Company's Corporate Governance Overview Statement for the FY2019 as contained in its Annual Report 2019.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 7.2

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

Application	:	Applied
Explanation on application of the practice	:	The details of the fees and remuneration of those Directors on board during FY2019 who were also the top senior management of the Group (received/receivable from the Company and/or its subsidiaries) are disclosed in the Company's Corporate Governance Overview Statement for the FY2019 as contained in its Annual Report 2019.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Applied
Explanation on application of the practice	:	The details of the fees and remuneration of those Directors on board during FY2019 who were also the top senior management of the Group (received/receivable from the Company and/or its subsidiaries) are disclosed in the Company's Corporate Governance Overview Statement for the FY2019 as contained in its Annual Report 2019.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>During the FY2018, the ARC was chaired by the then Senior Independent Non-Executive Director namely Datuk Ng Peng Hong @ Ng Peng Hay who was not the Chairman of the Board.</p> <p>On 01 September 2018, Lim Saw Imm, a newly appointed Independent Non-Executive Director took up the chair of the ARC. She is not the Chairman of the Board as well.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied
Explanation on application of the practice	:	No former key audit partner of the firm of the External Auditors of Bonia has been appointed to the ARC of the Company.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The ARC’s policies and procedures to assess the suitability, objectivity and independence of the External Auditors are stated in its ARC Charter.</p> <p>During the FY2019, the ARC assessed and evaluated the performance, independence and suitability of the External Auditors and recommended for its re-appointment to the Board.</p> <p>After a detailed assessment at Board level, the Board was satisfied with the assessment result and recommended the re-appointment of the External Auditors to shareholders at the 27th AGM of the Company and this proposal was approved by the members present thereat.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Applied
Explanation on application of the practice	:	<p>During the FY2018, the ARC consisted of 3 Independent Non-Executive Directors namely Datuk Ng Peng Hong @ Ng Peng Hay, Dato’ Shahbudin Bin Imam Mohamad and Chong Sai Sin.</p> <p>On 01 September 2018, the ARC was restructured to be chaired by a newly joined Independent Non-Executive Director namely Lim Saw Imm who is a Fellow of Association of Chartered Certified Accountants and a Member of both Chartered Tax Institute of Malaysia and Malaysian Institute of Accountants. Other members of the ARC are Dato’ Mohamed Khadar Bin Merican (Senior Independent Non-Executive Director) and Chong Sai Sin (Independent Non-Executive Director).</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>On 01 September 2018, the ARC was restructured to be chaired by a newly joined Independent Non-Executive Director namely Lim Saw Imm who is a Fellow of Association of Chartered Certified Accountants and a Member of both Chartered Tax Institute of Malaysia and Malaysian Institute of Accountants. Other members of the ARC are Dato’ Mohamed Khadar Bin Merican (Senior Independent Non-Executive Director) and Chong Sai Sin (Independent Non-Executive Director).</p> <p>Dato’ Mohamed Khadar is a Member of both Institute of Chartered Accountants in England and Wales and Malaysian Institute of Accountants, whereas Chong Sai Sin is a member of Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, Institute of Internal Auditors Malaysia, and Chartered Tax Institute of Malaysia respectively.</p> <p>All ARC members possess appropriate industry and financial experience to assist the Board on the strategy, risk management and financial matters of the Bonia Group. They also undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board has established an effective risk management and internal control framework as detailed in the Company’s Statement on Risk Management and Internal Control in its Annual Report 2019.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	The key features of the Company’s risk management and internal control framework, which covers their adequacy and effectiveness are disclosed under the Statement on Risk Management and Internal Control in the Company’s Annual Report 2019.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has combined the roles of audit committee and risk management committee and established the ARC to oversee the integrity of the financial reporting and compliance matters, the Group’s risk management and internal control systems and etc.</p> <p>During the FY2018, the then ARC comprised of all 3 independent non-executive directors namely Datuk Ng Peng Hong @ Ng Peng Hay, Dato’ Shahbudin Bin Imam Mohamad and Chong Sai Sin.</p> <p>After the restructuring of the ARC on 01 September 2018, the ARC comprises of all 3 independent non-executive directors namely Lim Saw Imm, Dato’ Mohamed Khadar Bin Merican and Chong Sai Sin.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	The Board has outsourced its internal audit function to an independent professional firm namely M/s RMS Corporate Management Sdn. Bhd. (“RMS”) which provides support to the ARC in monitoring and managing risks and internal control systems of the Group. RMS reports directly to the ARC.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has obtained a confirmation from the outsourced Internal Auditors, M/s RMS Corporate Management Sdn. Bhd. (“RMS”) that:</p> <ul style="list-style-type: none"> • the internal audit personnel assigned to handle the internal audit function of Bonia Group for year 2018/2019 were free from any relationship and no conflict of interest with the Group; • Chua Siew Lien (a member of the Malaysian Institute of Accountants, and an associate member of The Institute of Internal Auditors Malaysia), and Ho Yong Ling (an associate member of The Institute of Internal Auditors Malaysia) are the 2 key personnel involved in the internal audit function of Bonia Group; • RMS has carried out the internal audit function in accordance with the professional, and of Bonia Group’s recognised framework. <p>An annual assessment on the performance and independence of RMS has been conducted and the result was satisfactory to the Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company recognises the importance of keeping its shareholders, investors and stakeholders informed of the Group's performance and corporate developments.</p> <p>Pertinent and updated information of the Group is disseminated vide media conferences, press releases, corporate reports, circulars and announcements from time to time. The Board also leverages on its website www.bonia.com to provide quick access to information on the Group to its stakeholders. Alternatively, the Group's latest announcements on financial reports and corporate developments can be retrieved from the BMSB's website at www.bursamalaysia.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

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

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	N/A
Explanation on application of the practice	:	The Company is not considered as a Large Company as its market capitalisation is less than RM2 billion at the present moment.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	The Company held its 27th AGM on 26 November 2018. The Notice of 27th AGM was dated and served to Bonia shareholders on 26 October 2018 which was more than 28 days prior to the said meeting.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	All the Directors and Alternate Directors attended the Company's 27th AGM duly held on 26 November 2018. The Chair of the Audit & Risk Management Committee, the Chair of the Nominating & Remuneration Committee, the External and Internal Auditors also attended the said AGM and provided meaningful response to the shareholders' enquiries.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	The Company’s AGMs have been held in major towns which were easily accessible to its shareholders since its listing and not in any remote location.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

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

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