

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7986
COMPANY NAME : CN ASIA CORPORATION BHD
FINANCIAL YEAR : December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The vital responsibilities of the Board are to lead the Group towards its mission by providing entrepreneur leadership and direction as well as management oversight. The Board assumes the following responsibilities for the Group: -</p> <ul style="list-style-type: none">i. determining strategic planning and direction of the Group;ii. overseeing the overall conduct of the Group's business;iii. identifying principal financial and non-financial risk, risk appetite and ensuring the implementation of systems to analyse, evaluate, manage and monitor risks;iv. developing succession planning for the board and senior management;v. reviewing the adequacy and integrity of the Group's internal control systems and management information systems;vi. establishing goals for management and their performance;vii. monitoring the achievement of these goals;viii. ensuring the integrity of Company's financial and non-financial reporting; andix. ensuring that the Company has in place procedures effective communication with stakeholders. <p>There is a clear division of responsibilities between the Board members to ensure that there is a balance of power and authority as well as enhance the accountability of each member. The Board is always guided by the Board Charter of which the Board's roles, responsibilities and authorities are defined and practiced ensuring the maximisation of shareholders' value and safeguarding the stakeholders' interests including securing sustainable long-term value creation with proper social and environmental considerations. The authorisation procedures for key processes are stated in the Group's policies and procedures.</p>

	<p>As part of its initiative for the effective discharge of its leadership role and enhancement of accountability, the Board has delegated specific powers to the Chairman, the Executive Directors and the following Board Committees: -</p> <ul style="list-style-type: none">i. Audit Committee*ii. Nomination Committeeiii. Remuneration Committeeiv. Risk Management Committee* <p>*Subsequent to the financial year ended 31 December 2020 (“FYE 2020”), the Audit Committee has been combined with the Risk Management Committee and now known as Audit and Risk Management Committee.</p> <p>The powers delegated to each of the Board Committees are set out in the respective Terms of Reference as approved by the Board and are made available on the Company’s website at www.cnasia.com.</p> <p>Notwithstanding the delegation of specific powers, the Board remains its full responsibility for the direction and control of the Group to safeguard the interests of the shareholders and to enhance shareholders’ value.</p>	
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

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>Dato’ Hilmi, the previous Chairman of the Board, an Independent Director, was able to ensure effective conduct and performance of the Board. He also provided strong leadership leading the Board’s priority more objectively in driving the focus on governance and compliance, through his primary responsibility in running and leading the discussion at the Board level.</p> <p>Dato’ Hilmi resigned as Director of the Company w.e.f. 05 January 2021 and replaced by Dato’ Sri Zulkifli Bin Abdullah, an Independent Director was appointed as Chairman of the Board w.e.f. 05 February 2021.</p> <p>The key roles and responsibilities of the Chairman as set out in the Company’s Board Charter are as follows: -</p> <ul style="list-style-type: none">• To lead the Board in the oversight of the management;• To provide strong leadership by being able to marshal Board’s priorities more objectively; and• To chair General Meetings and Board Meetings.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and Executive Directors are held by two (2) distinct individuals which are in line with the recommendations of the Code. The distinct and separate roles of the Chairman and Executive Directors promote accountability and facilitate the division of responsibilities between them. The Independent Chairman leads the Board in the oversight of management whereas the Executive Directors focus on the day-to-day operations and management of the Group.</p> <p>Mr. Ho, the former Managing Director, with the assistance and support from the Executive Director and Key Senior Management, is responsible for managing the day-to-day management of the Company and the Group, implementing the Board's policies and decisions to achieve the short term and long term objectives as well as coordinating the development and implementation of business and corporate strategies.</p> <p>Mr. Ho resigned as Director of the Company w.e.f. 08 January 2021 and replaced by YM Tengku Shamsulbhari Bin Tengku Azman Shah and Mr. Chang Chee Ching, appointed as Executive Directors of the Company w.e.f. 08 January 2021 and 05 January 2021 respectively.</p> <p>The respective duties and responsibilities of the Chairman and Executive Directors are set out in the Board Charter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is assisted by three (3) professional qualified competent Company Secretaries, they provide sound governance advice and advocate adoption of corporate governance best practices. They discharge of their functions with their attendance in the Board and Board Committees meetings and advise the Board on the Board's adherence of rules, policies and procedures in compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries, namely Ms. Lim Paik Goot is a member of the Malaysian Institute of Accountants ("MIA"), Ms. Wong Chooi Fun and Ms. Goh Chooi Woan, are both members of The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").</p> <p>The Company Secretaries have attended training and seminars conducted by Companies Commission of Malaysia, MAICSA, MIA and Bursa Securities to keep abreast themselves with the relevant updates and development of the MMLR, compliance with Capital Markets and Services Act 2007 (Amendment 2018) and Companies Act 2016.</p> <p>The Company Secretaries also ensures that there is good information flow within the Board and between the Board, Board Committees and Key Senior Management. The Company Secretaries are also entrusted with recording the Board's deliberations, in terms of issues discussed, and the conclusions and the minutes of the previous Board and Board Committees meetings are distributed to the Directors before the meetings for their perusal before confirmation of the minutes at the commencement of the next Board and Board Committees meetings.</p> <p>The Board has full and unlimited access to the Company Secretaries who are always available to provide the Directors with the appropriate advices and services.</p> <p>The Company Secretaries attended all Board and Board Committees meetings to record deliberations, issues discussed and conclusions in discharging their duties and responsibilities and also advise the Board on matters relating to the relevant rules and regulations that govern the Company.</p>

Explanation for departure		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure		
Timeframe		

Intended Outcome

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>All members of the Board have full and unrestricted access to any information about the Company, the advices and services of the Company Secretaries, Key Senior Management and external independent professional advisers may be engaged, where necessary, with approval from the Board or the Board Committees, at the Company's expense to enable the Board to discharge their duties. The meeting materials including agenda and Board papers which are complete and accurate had been circulated to all Directors before the Board meetings to enable the Directors to obtain and access further information and clarification to be well informed of the matters before the meetings for consideration.</p> <p>The Board is updated with the new amendments and updates on the regularisations from the authorities from time-to-time as and when occurred by circulating through emails, meetings, briefing and hard copy, whichever deemed appropriate and applicable.</p> <p>In addition, the Board is notified of any corporate announcements released to Bursa Securities and is also kept informed of the requirements and updates issued by the various regulatory authorities through the Company Secretaries.</p> <p>The decisions made at the Board and Board Committees meetings are also communicated to the Management promptly to ensure appropriate execution.</p> <p>The deliberations and conclusion of issues discussed in the Board and Board Committees meetings are duly recorded in the meetings. The draft of which is circulated for Board and Board Committees' review within a reasonable timeframe after the meeting.</p>
Explanation for departure	:	

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

Intended Outcome

There is 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 is guided by the Board Charter which set out the roles and responsibilities of the Board, Chairman, Executive Directors and Board Committees. The Board has adopted the Board Charter, and the objectives of this Board Charter are to ensure that all Board members are aware of their duties and responsibilities as a member of the Board and that the relevant legislation and the principles and practices of good Corporate Governance are applied in discharging their duties and responsibilities.</p> <p>The Board Charter addresses, among others, the following matters:-</p> <ul style="list-style-type: none"> • Board Structure • Board Composition • Role of Board • Role of Chairman and Managing Director • Board Meetings • Board Committees • Financial Reporting • Investor Relations and Shareholder Communication <p>The Board Charter will be reviewed periodically and updated by the Board to ensure it is kept up-to-date with changes in regulations and best practice and ensure its effectiveness and relevance to the Board's objectives and responsibilities. The Board Charter is available on the Company's website at www.cnasia.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

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Code of Ethics and Conduct ("COE") has been put in place for all Directors and employees of the Group as a guide in discharging their duties and responsibilities by demonstrating healthy corporate culture, good judgment transparency, fairness and honesty as well as loyalty and ethics in the conduct of its business that are aligned with best practices and applicable laws, rules and regulations.</p> <p>The COE covers the following overarching areas:</p> <ul style="list-style-type: none"> • Compliance and Observation of Laws, Rules and Regulations • Fair and robust competition • Protecting Confidential Information • Conflicts of Interest • Gifts and Entertainment • Whistleblowing Policy <p>This COE has been adopted and reviewed periodically by the Board. It is made available on the Company's website at www.cnasia.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company believes that the in place of the Whistleblowing Policy will facilitate and encourage disclosure of genuine concerns about any possible violations and improprieties in matters related to financial reporting, compliances and other malpractices committed within the organization. Should any employees have information regarding the violation or improprieties, he/she should report the matter immediately to the line manager, higher management or the Board. All reports or complaints of this nature shall be treated strictly confidential unless otherwise required disclosure by the law or court order.</p> <p>The Whistleblowing Policy will be reviewed periodically by the Board to ensure it is in line with the relevant laws and legislations. It is made available on the Company's website at www.cnasia.com.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

Application	:	Applied																																										
Explanation on application of the practice	:	<p>Previously, the Board has six (6) members who have resigned from the Board of which 50% of the members are independent directors and the members are as below: -</p> <table border="1"> <thead> <tr> <th>Name of Directors</th><th>Designation</th><th>Independent</th></tr> </thead> <tbody> <tr> <td>Dato' Hilmi Bin Mohd Noor</td><td>Independent Non-Executive Chairman</td><td>Yes</td></tr> <tr> <td>Ho Cheng San</td><td>Managing Director</td><td>No</td></tr> <tr> <td>Angeline Chan Kit Fong</td><td>Executive Director</td><td>No</td></tr> <tr> <td>Lee King Loon</td><td>Independent Non-Executive Director</td><td>Yes</td></tr> <tr> <td>Ariffin Bin Khalid</td><td>Independent Non-Executive Director</td><td>Yes</td></tr> <tr> <td>Chong Ying Choy</td><td>Non-Independent Non-Executive Director</td><td>No</td></tr> </tbody> </table> <p>Currently, the newly appointed Board comprises of seven (7) members as set out below: -</p> <table border="1"> <thead> <tr> <th>Name of Directors</th><th>Designation</th><th>Independent</th></tr> </thead> <tbody> <tr> <td>Dato' Sri Zulkifli Bin Abdullah</td><td>Independent Non-Executive Chairman</td><td>Yes</td></tr> <tr> <td>Datuk Seri Tan Choon Hwa</td><td>Non-Independent Non-Executive Deputy Chairman</td><td>No</td></tr> <tr> <td>Y.M Tengku Shamsulbhari Bin Tengku Azman Shah</td><td>Executive Director</td><td>No</td></tr> <tr> <td>Chang Chee Ching</td><td>Executive Director</td><td>No</td></tr> <tr> <td>Tania Scivetti</td><td>Independent Non-Executive Director</td><td>Yes</td></tr> <tr> <td>Low Yong Heng</td><td>Independent Non-Executive Director</td><td>Yes</td></tr> </tbody> </table>	Name of Directors	Designation	Independent	Dato' Hilmi Bin Mohd Noor	Independent Non-Executive Chairman	Yes	Ho Cheng San	Managing Director	No	Angeline Chan Kit Fong	Executive Director	No	Lee King Loon	Independent Non-Executive Director	Yes	Ariffin Bin Khalid	Independent Non-Executive Director	Yes	Chong Ying Choy	Non-Independent Non-Executive Director	No	Name of Directors	Designation	Independent	Dato' Sri Zulkifli Bin Abdullah	Independent Non-Executive Chairman	Yes	Datuk Seri Tan Choon Hwa	Non-Independent Non-Executive Deputy Chairman	No	Y.M Tengku Shamsulbhari Bin Tengku Azman Shah	Executive Director	No	Chang Chee Ching	Executive Director	No	Tania Scivetti	Independent Non-Executive Director	Yes	Low Yong Heng	Independent Non-Executive Director	Yes
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Chong Ying Choy	Non-Independent Non-Executive Director	No																																										
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Low Yong Heng	Independent Non-Executive Director	Yes																																										

	Nadanarajah Ramalingam	A/L	Independent Non- Executive Director	Yes
	The four (4) Independent Directors representing approximately 57% of the Board demonstrates independence of judgement and ensure board decision are made objectively in the best interests of the Company.			
	The Independent Directors provide check and balance for the effective and efficient functioning of the Board.			
	In the event of any vacancy, resulting in less than two (2) directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors, the Company must fill the vacancy within three (3) months.			
	Together, the Directors with their different backgrounds and specialisation, collectively bring with them a wide range of business, management, financial, laws and technical experiences. The profile of each Director is set out in the Annual Report.			
Explanation for departure	:			
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.				
Measure	:			
Timeframe	:			

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Two Tier Voting
Explanation on application of the practice	:	<p>The Company has amended its Constitution to be in line with the recommendation of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the nine (9) years limit subject to the Independent Director re-designated as Non-Independent Director. In the event the Board intends to retain the Director as Independent after the Independent Director has served a cumulative term of nine (9) years, the Board must justify the decision and seek for annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board should seek annual shareholders' approval through a two-tier voting process. In order to ensure independent and objective judgment is brought to the Board's deliberation by genuine independence of the Independent Directors and to ensure conflict of interest or undue influence from interested parties is well taken care of, the Board is committed to ensure the independence of the Independent Directors are assessed by the Nominating Committee before their appointment based on formal nomination and selection process with the results of the review reported to the Board for consideration and decision.</p> <p>The previous Independent Chairman who has served the Board for a tenure of more than nine (9) years, namely Dato' Hilmi Bin Mohd Noor, has resigned as Director on 05 January 2021. The Independent Directors of the current Board, namely Dato' Sri Zulkifli Bin Abdullah, Madam Tania Scivetti, Mr. Low Yong Heng and Mr. Nadanarajah A/L Ramalingam are newly appointed, thus does not exceed a cumulative term of nine (9) years.</p>

Explanation for departure		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure		
Timeframe		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	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. The Board has in place a set of directors’ selection criteria for use in the selection and recruitment process. This set of criteria will be used as a reference by the Group’s Human Resource department for the selection and recruitment of Senior Management of the Group. The Profile of Directors and the Senior Management Team are set out in the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is supportive of the gender diversity in the boardroom as recommended by the Code. In considering Board appointment, the Board, through its Nomination Committee, believes in and provides equal opportunity to candidates who have the necessary skills, experience, commitment (including time commitment), core competencies and other qualities regardless of gender, ethnicity and age. Madam Tania Scivetti has succeeded Madam Angeline Chan Kit Fong as the one (1) female director on Board, representing 14.3% female participation on the Board.</p> <p>The Board does not have a specific policy on setting for female participation on Board. Nevertheless, the Board is committed to provide fair and equal opportunities, through its Nomination Committee, in considering gender diversity to achieve the optimum composition of the Board.</p> <p>The Board, through the Nomination Committee, will continue to observe the female participation in the Board and will take steps towards formalising such policy, targets and measures to reflect company commitment towards gender diversity.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>There is no new appointment of director during the financial year under review except for the appointment of the new Board members subsequent to the financial year.</p> <p>The Nomination Committee is responsible for identifying, assessing and recommending to the Board suitably qualified candidates for directorship on the Board as well as members of the Board Committees.</p> <p>The Nomination Committee will assess candidate suitability based on a set of criteria as set out in the Criteria for Selection of Directors established and approved by the Board.</p> <p>The Board does not solely rely on recommendations from existing Board members, management and major shareholders in identifying suitable candidates. It is also open to referrals from external independent sources available, such as industry and professional associations, Financial Institution Directors Education ("FIDE") Forum and independent search firms to identify suitably qualified candidates, when necessary.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied																								
Explanation on application of the practice	:	<p>The Nomination Committee is chaired by an Independent Director or the Senior Independent Director. They are tasked by the Board to amongst others, identify, assess and recommend to the Board suitably qualified candidates for appointment to the Board and Board Committees, re-election and re-appointment of Directors, and review the independence of Independent Directors, considering the Board's succession planning and training programmes as well as performing a formal assessment of the effectiveness of individual Directors and the annual appraisal of the Executive Directors' performance based on the selected performance criteria. In addition, the Committee is also tasked to review the required mix skills, experiences and other qualities, including core competencies of the members of the Board.</p> <p>The previous Nomination Committee comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors and have ceased to be the members of the Nomination Committee following their resignation as Directors of the Company. The members are: -</p> <table border="1"> <thead> <tr> <th>Name of Directors</th><th>Directorate</th><th>Designation</th></tr> </thead> <tbody> <tr> <td>Dato' Hilmi Bin Mohd Noor</td><td>Independent Non-Executive Director</td><td>Chairman</td></tr> <tr> <td>Lee King Loon</td><td>Independent Non-Executive Director</td><td>Member</td></tr> <tr> <td>Chong Ying Choy</td><td>Non-Independent Non-Executive Director</td><td>Member</td></tr> </tbody> </table> <p>The current Nomination Committee comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors and the members are as follows: -</p> <table border="1"> <thead> <tr> <th>Name of Directors</th><th>Directorate</th><th>Designation</th></tr> </thead> <tbody> <tr> <td>Tania Scivetti</td><td>Independent Non-Executive Director</td><td>Chairman</td></tr> <tr> <td>Datuk Seri Tan Choon Hwa</td><td>Non-Independent Non-Executive Director</td><td>Member</td></tr> <tr> <td>Nadanarajah A/L Ramalingam</td><td>Independent Non-Executive Director</td><td>Member</td></tr> </tbody> </table>	Name of Directors	Directorate	Designation	Dato' Hilmi Bin Mohd Noor	Independent Non-Executive Director	Chairman	Lee King Loon	Independent Non-Executive Director	Member	Chong Ying Choy	Non-Independent Non-Executive Director	Member	Name of Directors	Directorate	Designation	Tania Scivetti	Independent Non-Executive Director	Chairman	Datuk Seri Tan Choon Hwa	Non-Independent Non-Executive Director	Member	Nadanarajah A/L Ramalingam	Independent Non-Executive Director	Member
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	The Terms of Reference of the Nomination Committee is being reviewed, updated and adopted at a Board meeting held during the financial year. It is made available on the Company’s website at www.cnasia.com.	
Explanation for departure		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure		
Timeframe		

Intended Outcome

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 Nomination Committee meeting held during the financial year, an evaluation was carried out through a set of questionnaires with the results collated, summarised and reported to the Board by the Chairman. The Board, through the recent review and assessment of the Nomination Committee, confidently believe that the size and composition of the Board are appropriate, balance and that there is an appropriate mix of skills, experiences and expertise as well as a core competency to discharge its duties effectively.</p> <p>The current criteria for an annual assessment of Directors are outlined in the Director's Evaluation Form. The effectiveness of the Board is assessed in the areas of Board size, a mix of composition, the conduct of Board meeting, Boardroom activities and Directors' skills set matrix. The Board Committees are assessed based on their roles and scope of work, the supply of sufficient and timely information to the Board and also overall effectiveness and efficiency in discharging their duties.</p> <p>In the case of individual Directors, peer and self-assessment is carried out to evaluate their strategic direction, ethical and values are driven, knowledgeable, diligent, team player and personal development, such as ability to give constructive suggestions and assertive in expressing their viewpoint, provide a logical and honest opinion on issues deliberated, maintain confidentiality, demonstrate objectivity and integrity in the decision making process, understand critical issues affecting the Company, offer practical and realistic advice and demonstrate a willingness to devote adequate time and effort to the Board and Board Committees. In the case of Independent Directors, they are also assessed on the level of their independence and ability to defend stand through constructive deliberation where necessary. In addition, the Directors are also being evaluated on their personal development and identified their strength and weaknesses in discharging their duties and responsibility as a member of the Board as well as continuously improving themselves to keep update to counter with the ever-changing environment.</p>

	<p>In accordance with the Company's Constitution, newly appointed Directors shall hold office until the next following Annual General Meeting. They shall then be eligible for re-election by shareholders in the next Annual General Meeting subsequent to their appointment. The Constitution also provides that one-third (1/3) of the Board are required to retire at every annual general meeting and be subjected to re-election by shareholders and all directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.</p> <p>The assessment also takes into consideration on time commitment of the Board Members where the participation of the Board in each Board and Committees meetings are duly assessed and reviewed.</p> <p>The Board, through the Nomination Committee, assesses the Independent Directors annually where the evaluation took into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.</p> <p>The Directors are also being assessed on training programmes attended to enhance the insight of their business, improve their technical knowledge and professionalism in discharging their duties as Directors of the Company. The relevant training, briefings, seminars and conferences, covering topics on governance, risk management, accounting, general management and investor relations were circulated by the Joint Company Secretaries to the Board members for consideration in the aim to keep themselves updated on changes to the legislation and regulations affecting the Group.</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 Group's Remuneration Policy and Procedure ("RPP") sets out the procedure of determining the remunerations of directors and senior management which takes into account the demands, complexity and performance of the Group as well as skills and experience required for the position.</p> <p>The objectives of this RPP are to ensure that the directors and senior management are offered an appropriate level and composition of remuneration and other benefits by taking into account the Group's desire to attract and retain the right talent and expertise with the aim to motivate the directors and senior management to achieve the Group's short-term and long-term business objectives.</p> <p>The Group's RPP is adopted and will be reviewed periodically by the Board to ensure it remains effective, consistent with the Board's objectives and responsibilities and in line with the relevant laws and legislation. This RPP is made available on the Company's website at www.cnasia.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee is responsible to recommend the remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully taking into consideration all relevant factors including the functions, workload and responsibilities involved. In establishing the remuneration packages and benefits for the Executive Directors, the Remuneration Committee has regarded the packages offered by comparable companies and may obtain independent advice, where necessary. The remuneration of the Executive Directors comprises a fixed salary and allowance approved by the Board, which is in line with the Group's performance, overall policy on compensation and benefits with due consideration to compensation levels.</p> <p>The recommendation to the Board was made based on the results of the evaluation and review of the Committee conducted on an annual basis. The Board determines the remuneration of Executive and Non-Executive Directors. The Executive Directors are tasked to review and assess the remuneration packages of the senior management of the Group.</p> <p>During the financial year, there was one (1) Remuneration Committee meeting held to review the performance and remuneration package for Executive and Non-Executive Directors, which was attended by all committee members. The remuneration package of the former Managing Director and Executive Director were approved by the Board with a recommendation from the Remuneration Committee.</p>

	<p>The remuneration package of Non-Executive Directors will be a matter to be decided by the Board as a whole with the Directors concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration. Fees and benefits payable to the Directors are determined by the Board with the approval from shareholders at the Annual General Meeting.</p> <p>The previous Remuneration Committee comprises exclusively of Non-Executive Directors, a majority of Independent Directors, and the members are as follows:</p> <table><tr><th>Name of Directors</th><th>Directorate</th><th>Designation</th></tr><tr><td>Chong Ying Choy</td><td>Non-Independent Non-Executive Director</td><td>Chairman</td></tr><tr><td>Lee King Loon</td><td>Independent Non-Executive Director</td><td>Member</td></tr><tr><td>Ariffin bin Khalid</td><td>Independent Non-Executive Director</td><td>Member</td></tr></table> <p>The current Remuneration Committee has the same composition which comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors, and the members are as follows:</p> <table><tr><th>Name of Directors</th><th>Directorate</th><th>Designation</th></tr><tr><td>Datuk Seri Tan Choon Hwa</td><td>Non-Independent Non-Executive Director</td><td>Chairman</td></tr><tr><td>Dato’ Sri Zulkifli Bin Abdullah</td><td>Independent Non-Executive Director</td><td>Member</td></tr><tr><td>Tania Scivetti</td><td>Independent Non-Executive Director</td><td>Member</td></tr></table> <p>For the financial year ending 31 December 2021, the Group is proposing the fees payable to all the Directors of the Group, excluding the Executive Directors, details of which are set out in item 7.1 below.</p> <p>The Remuneration Committee has written Terms of Reference which deals with its duties and authorities. This Term of Reference is adopted and periodically reviewed by the Board and is made available on the Company’s website at www.cnasia.com.</p>	Name of Directors	Directorate	Designation	Chong Ying Choy	Non-Independent Non-Executive Director	Chairman	Lee King Loon	Independent Non-Executive Director	Member	Ariffin bin Khalid	Independent Non-Executive Director	Member	Name of Directors	Directorate	Designation	Datuk Seri Tan Choon Hwa	Non-Independent Non-Executive Director	Chairman	Dato’ Sri Zulkifli Bin Abdullah	Independent Non-Executive Director	Member	Tania Scivetti	Independent Non-Executive Director	Member
Name of Directors	Directorate	Designation																							
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Explanation for departure																									
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.																									
Measure																									

Timeframe	:		
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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 detailed disclosure on named basis for the remuneration of individual directors are set out in item 7.1 of the Corporate Governance Overview Statement as set out in the Annual Report 2020.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The remuneration of the top five Senior management is disclosed in bands of RM50,000 as set out in Item 7.2 of the Annual Report 2020. At this juncture, the Board is of the opinion that the disclosure of the Senior Management personnel names and the various remuneration components (salaries, bonus, benefit-in-kind, other emoluments) would not be in the best interest of the Group, due to confidentiality and security concerns.</p> <p>The Board ensures that the remuneration of Senior Management is commensurate with the performance of the Group, with due consideration to attract, retain and motivate Senior Management to lead and run the Group successfully. Excessive remuneration pay-outs are not made to Senior Management personnel in any instance.</p> <p>The disclosure of the remuneration of the top five Senior Management of the Group is currently made in bands of RM50,000 by number of Senior Management.</p> <p>The disclosure of the remuneration of the top five Senior Management of the Group in the manner disclosed in the Annual Report 2020 will enable the stakeholders to make an appreciable link between remuneration of Senior Management and the performance of the Group.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The previous Chairman of the Audit Committee, Mr. Lee King Loon, an Independent Director, who has resigned from the Board has been succeeded by Mr. Low Yong Heng, an Independent Director. The profile of the Chairman of Audit Committee is set out in the Profile of Directors of the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The previous Audit Committee comprises three (3) members, and all members are Non-Executive Directors, with the majority of Independent Directors. The composition of the newly formed Audit and Risk Management Committee are the same as the previous Audit Committee except all of the members are Independent Directors. None of the members was a former key audit partner of the Company's external auditors.</p> <p>The Terms of Reference of Audit Committee provides that any former key audit partner to be appointed as a member of the Audit Committee, a cooling-off period of at least two (2) years will be observed by the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company maintains a transparent relationship with the external auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.</p> <p>The key features underlying the relationship between the Audit Committee and the external auditors are outlined in the Audit Committee's Terms of Reference made available on the Company's website at www.cnasia.com whereas a summary of the works of the Audit Committee during the financial year is set out in the Audit Committee Report of the Annual Report.</p> <p>The external auditors of the Company fulfil an essential role on behalf of the Company in giving an assurance to the shareholders and others, of the reliability of the financial statements of the Company. It is the obligation of the external auditors to bring to the attention of the Board, the Audit Committee and the Company's management any significant deficiency in the Company's systems of reporting, internal control and compliance with approved accounting standards as well as legal and regulatory requirements. The external auditors of the Company are invited to attend at least one meeting of the Audit Committee a year in the absence of the Executive Directors and management.</p> <p>During the FYE 2020, there was one (1) private session held in the Audit Committee meeting between the previous Audit Committee members, the external auditors and the external company secretaries in the absence of an Independent Director, Executive Directors and Management.</p> <p>The Audit Committee discusses the nature and scope of the audit, reporting obligations and audit schedule with the external auditors' prior commencement of audit engagement. It is also the practice of the Audit Committee to respond to auditors' enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements.</p>

	<p>The Audit Committee is empowered by the Board to review all issues in relation to the reappointment of external auditors. During the financial year under review, the performance evaluation of the external auditors was carried out by the Audit Committee through a set of questionnaires with the answers collated, summarised and deliberated during the Audit Committee meeting and recommended to the Board for reappointment of the external auditors. In the effort to further enhance the assessment of sustainability and independence of external auditors' posses with relevant experiences and skills for such appointment, the Board has reviewed the External Auditors' Assessment Policy during the financial year to ensure that the Policy is relevant and effective.</p> <p>The external auditors have confirmed to the Board that they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of relevant professional and regulatory requirements. The Board has received a written declaration from the external auditors of their independence throughout the term of their engagement in accordance with the terms of the relevant professional and regulatory requirements, including the by-laws of the MIA.</p> <p>The Terms of Reference of Audit Committee provides that any former key audit partner to be appointed as a member of the Audit Committee, a cooling-off period of at least three (3) years will be observed by the Group.</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	:	<table border="1"> <tr> <td></td> <td></td> </tr> </table>		

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 :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The members of the Audit Committee possess a variety of industry-specific knowledge, and technical as well as commercial experiences bring to bear objective and independent judgment in discharging their duties. All members of the Audit Committee are financially literate and can understand matters under the purview of the Audit Committee including the financial reporting processes of the Group.</p> <p>During the FYE 2020, the members of the previous Audit Committee undergone various training programmes, seminars, workshops and conferences to keep themselves updated with new regulatory developments and changes affecting the Group of which are detailed in item 5.1 – Directors’ Training of the Corporate Governance Overview Statement as set out in the Annual Report 2020.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has ultimate responsibility in reviewing the Group's risks, approving the risk management framework and overseeing the Group's strategic risk management and internal control system to safeguard shareholders' investments and the Group's assets. The Audit Committee and Risk Management Committee, which comprises a majority of Independent Directors, assist the Board in discharging these responsibilities by overseeing and reviewing the risk management framework and the effectiveness of the risk management and internal control of the Group.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 Group has outsourced the activities and function of the internal audit to external consultants that reports administratively to the Executive Directors and functionally to the Audit Committee. Details of the Group's risk management and internal control framework including the scope of work covered by the outsourced internal audit function are provided in the Statement on Risk Management and Internal Control as set out in the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted																								
Explanation on adoption of the practice	:	<p>The previous Risk Management Committee ("RMC") has been established since November 2017 and the members are comprised of a majority of independent directors. The RMC is in line with the provision of the Code to oversee the Group's risk management framework and policies. The members of the previous RMC are as follows: -</p> <table><tr><th>Name</th><th>Directorate</th><th>Position</th></tr><tr><td>Lee King Loon</td><td>Independent Non-Executive Director</td><td>Chairman</td></tr><tr><td>Ariffin bin Khalid</td><td>Independent Non-Executive Director</td><td>Member</td></tr><tr><td>Angeline Chan Kit Fong</td><td>Executive Director</td><td>Member</td></tr></table> <p>Following the resignation of the above Directors, the following Directors were appointed on 26 January 2021 as members of Risk Management Committee: -</p> <table><tr><th>Name</th><th>Directorate</th><th>Position</th></tr><tr><td>Low Yong Heng</td><td>Independent Non-Executive Director</td><td>Chairman</td></tr><tr><td>Tania Scivetti</td><td>Independent Non-Executive Director</td><td>Member</td></tr><tr><td>Nadanarajah A/L Ramalingam</td><td>Independent Non-Executive Director</td><td>Member</td></tr></table> <p>Given the common members, the Audit Committee and Risk Management Committee are to be combined and known as the Audit and Risk Management Committee with effect from 26 January 2021.</p> <p>The Group's Risk Management Procedure outlines the risk management framework which consists of a combination of the core elements that define business risk assessment, namely the process of identification, assessment, treatment, implementation and reviewing of risks. The Management Representative of the ISO 9001:2015 QMS is responsible for the co-ordination of the risk management activities of the Group as an on-going process.</p>	Name	Directorate	Position	Lee King Loon	Independent Non-Executive Director	Chairman	Ariffin bin Khalid	Independent Non-Executive Director	Member	Angeline Chan Kit Fong	Executive Director	Member	Name	Directorate	Position	Low Yong Heng	Independent Non-Executive Director	Chairman	Tania Scivetti	Independent Non-Executive Director	Member	Nadanarajah A/L Ramalingam	Independent Non-Executive Director	Member
Name	Directorate	Position																								
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Tania Scivetti	Independent Non-Executive Director	Member																								
Nadanarajah A/L Ramalingam	Independent Non-Executive Director	Member																								

	<p>Regular reviews, evaluation and update of the risk profile and the corresponding action plans have been reported to the Board. The Board, through the RMC, aims to further enhance the Group's risk management practices to ensure that the Group's assets and shareholders' interest are protected, and that shareholders' value is preserved or enhanced.</p>
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Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledged that the overall responsibility in maintaining a sound risk management framework and system of internal control that provides reasonable assurance of effective and efficient operations and compliance with the internal procedures and guidelines</p> <p>The outsourced internal audit function provides the Audit Committee with periodic internal audit reports outlined the observations and recommendations to accomplish its goals by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.</p> <p>Regular follow-up reviews were carried out to ensure that remedial actions in respect of internal control deficiencies, as recommended in the internal audit reports, have been adequately addressed and implemented by the management.</p> <p>Internal audits are carried out on a risk-based approach, in line with the Group's objectives and policies, taking into consideration input from the senior management and the Board. Significant findings and recommendations for improvements are highlighted to the Audit Committee, with periodic follow-up and reviews of action plans.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function of the Group, is outsourced to external consultants, are free from any relationship or conflicts of interest with the Group, which could impair their objectivity and independence.</p> <p>During the financial year under review, a self-assessment evaluation was carried out by the outsourced internal audit function to assess their performance in the area of competency, resources and independency in discharging their duties of internal audit function of the Group and the outcome of the assessment is as follows: -</p> <ul style="list-style-type: none">• The outsourced internal audit team are independent and objective from the management of the Group;• The number of resources in outsourced internal audit team is 5;• The name and qualification of the persons responsible for internal audits are: -<ul style="list-style-type: none">i. Jason Tee – Associate Member of The Institute of Internal Auditors Malaysia (AIIA), Bachelor of Commerce;ii. Wong Tchen Cheg – MIA; CPA; Master in Finance & Accounts; Master in International Business; and• The internal audit function is carried out in accordance with a recognised framework. <p>Further evaluation was carried out by the Audit Committee on the performance of the outsourced internal audit function of the Group and the results were reported to the Board. The Board is satisfied that the outsourced internal audit has the necessary competency, experience, resources and independency to carry out its function effectively in discharging its duties of internal audit functions of the Group.</p>

	Further details of the Group's risk management and internal control framework is provided in the Statement on Risk Management and Internal Control and Audit Committee Report as set out in the Annual Report.			
Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

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 Board recognises the importance of an effective, transparent and regular communication between the Company and its stakeholders to facilitate mutual understanding of each other's objectives and expectations. The primary modes of disseminating information on the Group's business activities, corporate activities and financial performance are the annual reports, quarterly results and any announcements on material corporate exercise, in particular, the Proposed Acquisition and Proposed Private Placement undertaken by the Company during the financial year. The Proposed Private Placement was completed in June 2020 and the Proposed Acquisition is expected to complete by second quarter of 2021.</p> <p>The Board has formalised its Corporate Disclosure Policy and Procedure ("CDPP") to enable comprehensive, timeliness, accuracy and quality disclosures to the regulators, shareholders and stakeholders with the intention of giving as clear and complete information of the Group's position and financial performance as possible within the bounds of practicality and legal and regulatory framework governing the release of material and price sensitive information. This CDPP provided a good framework for compliance with the disclosure policies under the MMLR of Bursa Securities and set out the designated persons authorised and responsible to approve, coordinate and disclose material information to shareholders and stakeholders.</p> <p>The Group maintains its corporate website at www.cnasia.com for shareholders and the public to access information relating to its businesses, financial performance, operations and corporate development through annual reports, quarterly reports, circulars and various announcements on a timely manner. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or phone. Primary contact details are set out at the Company's website. Written communications are attended to within a reasonable time from the day of receipt.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Group is not a large company, however it will aim to adopt the integrated reporting in future.	
		The Group will take necessary approach to achieve the aim in integrated reporting.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges the need for shareholders to be informed of the developments and performance of the Company and the Group. The distribution of annual reports, announcements and release of financial results on a quarterly basis provide the shareholders and the investing public with an overview of the Group’s performance and operations.</p> <p>The principal forum for dialogue with shareholders remains at the Annual General Meeting. The Annual Report together with the notice of Annual General Meeting is circulated at least twenty-eight (28) days before the meeting date to provide shareholders sufficient time to go through the Annual Report and make the necessary attendance and voting arrangement at the Annual General Meeting. Each item of special business included in the notice of the meeting will be accompanied by a full explanation on the effects of a proposed resolution.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>All directors attended the General Meetings held during the year under review.</p> <p>Shareholders are encouraged to ask questions and seek clarification at the AGM of the Company on both the resolutions being proposed and the Group's business and performance. All suggestions and comments put forth by shareholders will be noted by the Board for consideration. The Share Registrar is available to attend to matters relating to shareholders' interest during the AGM. Alternatively, shareholders can seek additional information and divert queries to the Company through the Company's website at www.cnasia.com which is being updated and enhanced from time-to-time to include corporate, financial as well as non-financial information.</p> <p>During the last Annual General Meeting, which had been attended by all the former Directors, the former Chairman provided shareholders with a brief review of the Company's financial year's performance and operations. The Group's senior management and external auditors were also in attendance to respond to the shareholders' queries. All resolutions as set out in the Notice of Annual General Meeting were put to the vote by poll. A poll administrator was appointed to administer, coordinate and to count the votes and a scrutineer was appointed to validate the vote cast during the Annual General Meeting. The voting decisions were then announced to the shareholders by the Chairman at the Annual General Meeting that all resolutions as set out in the Notice of Annual General Meeting were duly passed by the shareholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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	:	<p>The Company's General Meeting has been held within the Klang Valley at locations which are accessible by public transport and never in remote location.</p> <p>Shareholders are given notice of AGM at least twenty-eight (28) days before the meeting date, sufficient time to make arrangements to attend the AGM.</p> <p>As an alternative practise, shareholders who are unable to make the journey are allowed to send a proxy in place to attend the AGM, to participate, speak and vote on their behalf.</p> <p>Shareholders can also submit any questions or queries prior to the AGM.</p> <p>However, the Company will continue to explore the availability of a reliable technology which is suitable and efficient for this purpose.</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	:	

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

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

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