

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5286
COMPANY NAME : MI TECHNOVATION BERHAD
FINANCIAL YEAR : December 31, 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 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>As stated in the Board Charter, the Company acknowledges the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. The Board assumes, amongst others, the following duties and responsibilities:</p> <ul style="list-style-type: none">• review and adopt strategic plans for the Group to ensure the strategies promote sustainability within the aspects of environment, social and economy;• oversee the conduct of the Group's business and build sustainable value for the shareholders;• identify principal risks on a continuous basis;• oversee the development and implementation of a corporate disclosure policy;• oversee succession planning;• review the adequacy and the integrity of the Group's internal control systems and management information systems;• direct and review an anti-corruption compliance programme; and• approve the Whistleblowing Policy and Procedure and review the investigation outcome of whistleblowing issues. <p>During the year, the Board has reviewed and approved the Circular in relation to the proposed variation and extension of timeframe of the utilisation of proceeds from the Initial Public Offering as well as proposed bonus issue and proposed establishment of an employees' share grant scheme. They individually and collectively, accept full responsibility for the accuracy of the information given and after making all reasonable enquiries and to the best of their knowledge and belief, confirm that there are no other facts, the omission of which would make any statement or information in the Circular false or misleading.</p>

	<p>In addition to the above, the Board received and reviewed the following updates from Senior Management:</p> <ul style="list-style-type: none"> • latest financial results on quarterly basis; • annual operational plan which outlines the targets that the Group plans to work toward fulfilling the goals and objectives set forth by the Group’s strategic plan; • progress update on share buyback status; and • protocol on sharing of price-sensitive information. <p>The Company’s Board Charter defines the duties and responsibilities of the Board which can be found at the Company’s website at https://www.mi-eg.com.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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>Mr. Foo Hee Chaik is the Independent Non-Executive Chairman of the Board. He was appointed to the Board on 29 August 2017. As outlined in the Board Charter, the responsibilities of the Chairman, amongst others, are as follows:</p> <ul style="list-style-type: none">• To lead the Board effectively on all aspects of its role and setting the agenda;• To set the agenda for the Board meetings in consultation with the Executive Director;• To chair the Board meetings;• To chair the meetings of the shareholders;• To ensure the Board receives accurate, timely and clear information and if need, to provide additional information to make informed decisions;• To promote good corporate governance standards within the Group;• To ensure the Board behaves in line with the Code of Conduct;• To ensure the Board members continuously update their skills and knowledge to effectively discharge their duties;• To promote constructive and respectful relations of all Board members and also amongst management; and• To seek appropriate professional advice at the expense of the Company when he or she considers this necessary in the furtherance of his duties.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Independent Non-Executive Chairman, Mr. Foo Hee Chaik leads the Board in its collective overseeing of management whereas the Chief Executive Director ("CEO") & Executive Director, Mr. Oh Kuang Eng focuses on the business and day-to-day management of the Company.</p> <p>The division of the roles between the Chairman of the Board and CEO is stipulated in the Board Charter. The CEO is responsible for the vision and strategic directions of the Group as well as initiating innovative ideas to create competitive edge and development of business and corporate strategies. The CEO has the executive responsibility for the day-to-day operation of the Company's business. The responsibilities of the Chairman of the Board are outlined in Practice 1.2.</p> <p>The roles and responsibilities of the Independent Non-Executive Chairman are distinct and separate from the duties and responsibilities of the Group CEO/Executive Director. This segregation between the duties of the Independent Non-Executive Chairman and the Group CEO/Executive Director ensures an appropriate balance of role, responsibility, and accountability at board level and Management level.</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>Ms. Ch'ng Lay Hoon, who is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") has been appointed as the Company Secretary of Mi Technovation Berhad.</p> <p>The trainings attended by the Company Secretary in Year 2019 are shown in the table below:</p> <table border="1"><thead><tr><th>No</th><th>Training Event Title</th><th>Organiser</th></tr></thead><tbody><tr><td>1</td><td>CG Compliance Expectations: Better Reporting Integrity, Transparency & Accountability</td><td>MAICSA</td></tr><tr><td>2</td><td>Corporate Liability Provision</td><td>Galton Advisory PLT</td></tr><tr><td>3</td><td>Webinar – New Data Reveals Best Practices on Boardroom Technology</td><td>Diligent</td></tr><tr><td>4</td><td>Technical Briefing for Company Secretaries of Listed Issuers</td><td>Bursa Malaysia Berhad</td></tr><tr><td>5</td><td>Corporate Governance: New Perspective & Development for Board of Directors & Secretaries</td><td>MAICSA</td></tr><tr><td>6</td><td>Corporate Briefing Session with Company Secretary 2/2019</td><td>Suruhanjaya Syarikat Malaysia</td></tr><tr><td>7</td><td>Technical Briefing for Directors – MFRS2 Share Based Payment</td><td>Malaysian Institute of Accountant</td></tr></tbody></table> <p>The Company Secretary's responsibilities include the following:</p> <ul style="list-style-type: none">• facilitating information flow for Board and Board Committee meetings;• facilitating regulatory compliance of the Company;• facilitating disclosure of interest in securities;• facilitating disclosure of price-sensitive information;	No	Training Event Title	Organiser	1	CG Compliance Expectations: Better Reporting Integrity, Transparency & Accountability	MAICSA	2	Corporate Liability Provision	Galton Advisory PLT	3	Webinar – New Data Reveals Best Practices on Boardroom Technology	Diligent	4	Technical Briefing for Company Secretaries of Listed Issuers	Bursa Malaysia Berhad	5	Corporate Governance: New Perspective & Development for Board of Directors & Secretaries	MAICSA	6	Corporate Briefing Session with Company Secretary 2/2019	Suruhanjaya Syarikat Malaysia	7	Technical Briefing for Directors – MFRS2 Share Based Payment	Malaysian Institute of Accountant
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	<ul style="list-style-type: none"> • facilitating disclosure of any conflict of interest in a transaction involving the Company; and • apprising the Board of current governance practices. <p>During the year, the Board has authorised the Company Secretary to:</p> <ul style="list-style-type: none"> - release the quarterly financial results to Bursa Securities; - release announcement in relation to the proposed bonus issue and proposed establishment of an employees' share grant scheme to Bursa Securities; and - serve the Notice of Share Buy-back, Bonus Entitlement, EGM, on behalf of the Board. 	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>As stated in the Board Charter, the Board is recommended to meet at least five (5) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. The Board receives documents on matters requiring its consideration prior to and in advance of each meeting.</p> <p>During year 2019, the Board conducted six (6) Board's meeting on 25 February 2019, 16 April 2019, 23 May 2019, 22 August 2019, 11 October 2019 and 21 November 2019 respectively.</p> <p>The Company Secretary circulated the meeting pack including the meeting agenda and meeting materials to all Directors seven (7) calendar days prior to the Board Meeting to ensure Directors have sufficient time to review meeting materials and prepare the meeting. The said practice is in line with Guidance to Practice 1.5 of MCCG which states that "the meeting materials should be circulated at least five business days in advance of the Board Meeting".</p> <p>The meeting minutes captured the rationale for decisions and dissenting comments of Directors during the Board Meeting. The deliberations and decisions of the Board and Board Committees are properly documented in the minutes and the draft minutes are circulated to all the Directors and members of the Board Committee in a timely manner upon conclusion of the meeting for review.</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 has adopted a Board Charter that clearly defines the respective roles and responsibilities of the Chairman, Chief Executive Officer, Non-Executive Directors, Senior Independent Directors, Company Secretary, and Board Committees.</p> <p>The Board reserves full decision-making powers on the following matters:</p> <ul style="list-style-type: none"> • conflict of interest issues relating to a substantial shareholder or a Director; • material acquisitions and disposition of assets not in the ordinary course of business; • investments in capital projects; • authority levels; and • financing facility required by the Company. <p>The board will review and update the Board Charter at least once a year, make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.</p> <p>The Board Charter is available on Mi Technovation Berhad's corporate website at https://www.mi-eq.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 3.1

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>Mi Technovation Berhad has adopted a Code of Conduct and Ethics for Management and Employees which reflects the underlying values and commitment to maintaining the standards of integrity, fairness, responsibility, commitment, diligence and professionalism contributing towards the social and environmental growth of the surroundings in which the Company operates. The Code of Ethics covers a wide range of good practices including the following subject matters:</p> <ul style="list-style-type: none">• conflict of Interest• confidentiality• insider trading and abuse of corporate information• protection of assets and funds• compliance with laws, rules, and regulations• bribery and gratification• anti-corruption• anti-fraud• gifts, entertainment and hospitality• travel, donation and sponsorship• facilitation payment• health, safety and environment; and• discrimination, harassment, threat and violence. <p>A copy of the Code of Conduct and Ethics for Management and Employees is available on Mi Technovation Berhad's corporate website at https://www.mi-eq.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 Board has established a Whistleblowing Policy alongside Management and the said policy is made available on the Company’s website at https://www.mi-eq.com.</p> <p>As stipulated in the policy, the Whistle Blower may make a report to the Audit Committee directly, via mi.whistle@mi-eq.com, providing as much detail as possible and specifying the following:</p> <ul style="list-style-type: none"> • the whistle blower’s full name and contact details; • the background, date and history of the concerns; • the reasons for the concerns; • details of witnesses and all factual corroborating evidence as is available; • whether the whistle blower has any personal interest in the matter; and • whether action has already been taken by anyone. 	
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>Presently, the Board comprises an even balance of Independent Directors where 3 out of the 6 (50%) directors being independent while the other 3 out of the 6 (50%) directors are Executive Directors. The Board composition is shown below:</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Directorship</th> <th>Name</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Independent Non-Executive Chairman</td> <td>Mr. Foo Hee Chaik</td> </tr> <tr> <td>2.</td> <td>Executive Director/Group CEO</td> <td>Mr. Oh Kuang Eng</td> </tr> <tr> <td>3.</td> <td>Executive Director</td> <td>Mr. Koay Huck Khim</td> </tr> <tr> <td>4.</td> <td>Executive Director/CFO</td> <td>Ms. Yong Shiao Voon</td> </tr> <tr> <td>5.</td> <td>Independent Non-Executive Director</td> <td>Mr. Lee Boon Leng</td> </tr> <tr> <td>6.</td> <td>Independent Non-Executive Director</td> <td>Mr. Tan Boon Hoe</td> </tr> </tbody> </table> <p>The above composition is also in line with Paragraph 15.02(1) of Listing Requirements, which requires at least one third of the Board members to be independent.</p>		No.	Directorship	Name	1.	Independent Non-Executive Chairman	Mr. Foo Hee Chaik	2.	Executive Director/Group CEO	Mr. Oh Kuang Eng	3.	Executive Director	Mr. Koay Huck Khim	4.	Executive Director/CFO	Ms. Yong Shiao Voon	5.	Independent Non-Executive Director	Mr. Lee Boon Leng	6.	Independent Non-Executive Director	Mr. Tan Boon Hoe
No.	Directorship	Name																						
1.	Independent Non-Executive Chairman	Mr. Foo Hee Chaik																						
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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	:																							
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Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
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	:	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	:	<p>In accordance with Paragraph 3.2.3 of Board Charter, appointment of Board Member is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The appointment and promotion of Key Senior Management positions are mainly merit-driven and with due consideration to the above criteria.</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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board recognises the government's call for gender diversity of at least 30% women directors in companies. At present, there is one female Director sitting on the Board of the Company, which testifies the Company's commitment on gender diversity.	
		The Board is mindful that any gender representation should be in the best interest of the Company. Nonetheless, the Board is of the collective opinion that there is no necessity to adopt a formal gender diversity policy as Mi Technovation Berhad is committed to provide fair and equal opportunities and nurturing diversity within the Group.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>As stated in the Terms of Reference for the Nomination Committee, the objective of the Nomination Committee is to ensure that the Directors of the Board bring characteristics to the Board, which provide a required mix of responsibilities, skills and experience.</p> <p>When a vacancy exists or when it is considered that the Board would benefit from the services of a new Executive Director with particular skills, the Nomination Committee selects one or more candidates with the appropriate expertise and experience. The Nomination Committee may use the services of a professional recruitment firm or public advertisement but will not exclude direct approach being made to individuals who may be suitable or organizations that may be able to advise.</p> <p>In addition, Paragraph 3.3.9 of the Board Charter specifies that the Board should use a variety of approaches and independent sources to ensure that it is able to identify the most suitable candidates. This may include sources like directors' registry, industry and professional associations, open advertisements and independent search firms.</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>Presently, the Nomination Committee is chaired by the Independent Non-Executive Director, Mr. Lee Boon Leng.</p> <p>The duties of the Chairman of Nomination Committee are amongst others, to lead the Nomination Committee in making recommendations to the Board, Directors to fill the seats on Board Committees and recommending to the Board in respect of Directors' independence and conflicts of interests, if any, and the steps to be taken to manage potential conflicts of interest.</p> <p>The Chairman also leads the annual review of board effectiveness, ensuring that the performance of each individual director is independently assessed.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>On 20 February 2020, the Company Secretary tabled the following evaluations performed by the directors for the financial year 2019 to the Nomination Committee:</p> <ul style="list-style-type: none">• Review the current Board’s balance, structure and size, Board and Board’s Committee;• Review the evaluation of the Executive Directors• Review and recommend re-election of retiring Directors; and• Review the terms of office and performance of the Audit Committee and its members and the independency of Independent Directors <p>The Nomination Committee noted satisfactory results from the above evaluations and reported to the Board accordingly.</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 Remuneration Committee ("RC") shall assist the Board in implementing its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Directors and selected Top Management.</p> <p><u>Executive Directors</u></p> <p>Based on the remuneration policy, the Executive Directors' remuneration consist of basic salary, allowances and other benefits such as Employee Provident Fund, insurance and medical benefits. They do participate in the bonus and approved stock option or share schemes, if any. The remuneration package recognises the responsibility of the role and the time commitments required and performance related.</p> <p><u>Board Chairman and Independent Directors</u></p> <p>The Board Chairman and Independent Directors receive a fee for their services and do not receive any other benefits, other than those mentioned below, from the Group, nor do they participate in any of the bonus. Meeting attendance allowance is paid for each Board Committee meeting attended. In addition, Independent Directors also receive other benefits-in-kind including but not limited to telecommunication facilities, car parking and other reimbursable/claimable benefits-in-kind as may be determined from time to time, for the purposes of carrying out their duties as Independent Directors.</p> <p>Approval of Directors fees and benefits payable will be sought in a prospective manner. However, payment of Directors' fees shall only be payable quarterly in arrears after each month of completed service of the Directors during the financial year.</p> <p><u>Selected Top Management</u></p> <p>Selected Top Management receive salary for their services and receive other benefits from the Group, and they do participate in the bonus and</p>

	<p>approved stock option or share schemes, if any. Salary levels and subsequent increases are set after reviewing various factors including individual and Company performance, roles and responsibility, internal relativities.</p> <p>The Remuneration Policy has been endorsed by the Board, upon recommendation by the RC. This policy shall be reviewed periodically by RC or as and when it is necessary.</p>	
Explanation for departure :		
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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 Board has established a Remuneration Committee ("RC") which is made up exclusively of Independent Non-Executive Directors.</p> <p>The chairman of the Committee is currently held by Mr. Foo Hee Chaik, and supported by two members, Mr. Lee Boon Leng and Mr. Tan Boon Hoe.</p> <p>The RC is responsible for making recommendations to the Board on the remuneration packages of Executive Directors. The Directors' Remuneration Packages is subject to review on yearly basis and the current practice is that the revision, if any, shall fall on January of each year. Executive Directors do not form part of the composition of the RC. However, the CEO may attend the RC meetings by invitation of the Chairman of the RC, if his presence is required.</p> <p>The RC ensures that remuneration packages are determined on the bases of the Directors and Selected Top Management personnel's merit, qualification and competence, having regard to the Group's operating results, individual performance and comparable market statistics.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is of the view that disclosure of remuneration package of the top 5 senior management is detrimental to the Company's management of its human resource due to the competitive environment for resources within the industries in which the Company operate.	
		The Company also believes that non-disclosure of the remuneration information on top 5 senior management will not affect the interest of its shareholders.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The positions of the Chairman of Audit Committee and the Board are held by different individuals. The Chairman of the Audit Committee is Mr. Tan Boon Hoe, who is the Independent Non-Executive Director. On the other hand, Mr. Foo Hee Chaik is the Chairman of 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

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	:	The Terms of Reference of Audit Committee stipulates that former audit partner of the Group's external auditors shall not be appointed to the Audit Committee unless he/she has observed a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.	
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 Board has delegated the responsibility to assess the suitability, objectivity and independence of the Group's appointed external auditors to the Audit Committee ("AC") of Mi Technovation Berhad.</p> <p>The Company's external auditor plays an essential role in providing credibility to the financial statements by performing the requisite audit procedures so as to have a reasonable basis for the opinion that they render on the financial statements. In doing so, the AC has established a transparent and formal relationship with the external auditor who is ultimately accountable to the Company's shareholders.</p> <p>Annually, the AC is responsible for reviewing and assessing the appointment or re-appointment of external auditor to ensure that the External Auditor is independent both in mind and in appearance. By ensuring the independence of External Auditor, the AC shall obtain written assurance from the External Auditor, confirming that the External Auditor is, and has been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by Malaysian Institute of Accountants ("MIA").</p> <p>The external auditor, Messrs BDO PLT, have confirmed that they have complied with the independence requirements set out in the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.</p> <p>The external auditors have made communication in accordance with the principles enunciated in International Standard on Auditing ('ISA') 260 Communication with Those Charged with Governance and ISA 265 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management.</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

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted			
Explanation on adoption of the practice	:	The Audit Committee comprises solely of Independent Directors and the composition is tabulated below:			
		No.	Position	Directorship	Name
		1.	Chairman	Independent Non-Executive Director	Mr. Tan Boon Hoe
		2.	Committee Member	Independent Non-Executive Chairman	Mr. Foo Hee Chaik
		3.		Independent Non-Executive Director	Mr. Lee Boon Leng

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied									
Explanation on application of the practice	:	<p>The Audit Committee is established by the Board and comprises three (3) members, all of whom are Independent Non-Executive Directors.</p> <p>Collectively, the Audit Committee Members have a wide range of necessary skill, knowledge and experience, including accounting or related banking expertise and experience in discharging their duties.</p> <p>The qualification and experience of the individual Audit Committee members are outlined below:</p> <table border="1"><thead><tr><th>Name</th><th>Qualification</th><th>Background</th></tr></thead><tbody><tr><td>Mr. Tan Boon Hoe (Chairman)</td><td><ul style="list-style-type: none">Member of Malaysian Institute of Certified Public AccountantsMember of Malaysian Institute of Accountants</td><td><ul style="list-style-type: none">Served Deloitte Malaysia for 36 years from 1977 to 2013 and retired as audit partnerEstablished Boonhoe & Loo Malaysia in 2013</td></tr><tr><td>Mr. Foo Hee Chaik (Member)</td><td><ul style="list-style-type: none">Diploma in Management Accounting and Finance from National Productivity Board of SingaporeMaster of Business Administration from University of Western Sydney</td><td><ul style="list-style-type: none">38 years of experience in the semiconductor industry, involving accounting, purchasing, logistic management, production planning and supplier managementSenior Director of Supply Chain in Broadcom Singapore Technologies Pte Ltd</td></tr></tbody></table>	Name	Qualification	Background	Mr. Tan Boon Hoe (Chairman)	<ul style="list-style-type: none">Member of Malaysian Institute of Certified Public AccountantsMember of Malaysian Institute of Accountants	<ul style="list-style-type: none">Served Deloitte Malaysia for 36 years from 1977 to 2013 and retired as audit partnerEstablished Boonhoe & Loo Malaysia in 2013	Mr. Foo Hee Chaik (Member)	<ul style="list-style-type: none">Diploma in Management Accounting and Finance from National Productivity Board of SingaporeMaster of Business Administration from University of Western Sydney	<ul style="list-style-type: none">38 years of experience in the semiconductor industry, involving accounting, purchasing, logistic management, production planning and supplier managementSenior Director of Supply Chain in Broadcom Singapore Technologies Pte Ltd
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	<p>With the relevant skill sets, knowledge and experience, the Audit Committee Members are financially literate and are able to understand, analyse, critically and objectively review, challenge and make recommendations on matters under the purview of the Audit Committee, including the financial reporting process.</p> <p>During the financial year 2019, the Audit Committee Members have attended training workshops that are relevant to their duties and responsibilities to keep themselves abreast of the latest developments in accounting and auditing standards, practices and rules.</p> <p>The details of the professional development undertaken by the Members of Audit Committee are set out below:</p> <table border="1" data-bbox="586 1161 1377 1434"> <thead> <tr> <th data-bbox="592 1161 646 1192">No</th> <th data-bbox="654 1161 1114 1192">Training</th> <th data-bbox="1122 1161 1370 1192">Organiser</th> </tr> </thead> <tbody> <tr> <td data-bbox="592 1192 646 1266">1</td> <td data-bbox="654 1192 1114 1266">MFRS2: Share Based Payment</td> <td data-bbox="1122 1192 1370 1266">Malaysia Institute of Accountant</td> </tr> <tr> <td data-bbox="592 1266 646 1339">2</td> <td data-bbox="654 1266 1114 1339">Latest Development in MFRS/IFRS and IC Interpretation - An Overview</td> <td data-bbox="1122 1266 1370 1339">Malaysia Institute of Accountant</td> </tr> <tr> <td data-bbox="592 1339 646 1434">3</td> <td data-bbox="654 1339 1114 1434">MFRS Application and Implementation Committee Awareness Programme</td> <td data-bbox="1122 1339 1370 1434">Malaysian Accounting Standards Board</td> </tr> </tbody> </table>			No	Training	Organiser	1	MFRS2: Share Based Payment	Malaysia Institute of Accountant	2	Latest Development in MFRS/IFRS and IC Interpretation - An Overview	Malaysia Institute of Accountant	3	MFRS Application and Implementation Committee Awareness Programme	Malaysian Accounting Standards Board
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Explanation for departure :															
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>															
Measure :															
Timeframe :															

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established and adopted an Enterprise Risk Management ("ERM") and Internal Control Framework to provide reasonable assurance that potential risks within the Group are properly identified, evaluated and treated to minimise unforeseen adverse impact to the Group.</p> <p>The Board maintained the adoption of ERM by documenting the risk register and identifying the key risks faced by the Company as well as documenting the internal control mechanism, since year 2018.</p> <p>The Group outsourced its internal audit function to KPMG Management & Risk Consulting Sdn Bhd ("KPMG"). The internal audit work was carried out in accordance with a framework set by a recognised professional body i.e. IPPF issued by IIA, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information which signifies a satisfactory conclusion of the internal audit work.</p> <p>All the personnel deployed by KPMG are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The key features of the Group's risk management and internal control framework are clearly detailed in the Statement on Risk Management and Internal Control, which include:</p> <ul style="list-style-type: none">• outline the Group's risk context which comprises Group's philosophies, strategies and policies, and operating system so as to better manage risks faced by the Group;• provide guiding ERM principles to Heads of Division/ Business Unit to govern the actions of their operating personnel pertaining to risks; and• provide assurance to the Board that a sound risk management and internal control system is in place. <p>The Board has received assurance in writing from Group Chief Executive Officer and Chief Financial Officer that the risk management and internal control system has been operating adequately and effectively, in all material aspects.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has outsourced its internal audit function to KPMG, which reports directly to the Audit Committee.</p> <p>One of the responsibilities of the Audit Committee is to oversee the internal audit activities. The Audit Committee is called upon to perform the following as stipulated in the Terms of Reference of Audit Committee:</p> <ul style="list-style-type: none"> • review and report the same to the Board on the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work; and • review and report the same to the Board on the internal audit program, processes, the results of the internal audit program, processes or investigation undertaken, and whether or not appropriate action is taken on the recommendations of the internal audit function. <p>During the financial year 2019, the Audit Committee has approved the Internal Audit Plan, which outlines the scopes of internal audit for the whole financial year. Subsequently, the Cycle 1 & 2, 2019 internal audit reports were presented to the Audit Committee on 22 August 2019 and 20 February 2020 respectively.</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>As mentioned in Practice 10.1, the internal audit function is outsourced to KPMG.</p> <p>The internal audit engagement by KPMG is headed by an Executive Director, namely, Dato’ Ooi Kok Seng. Dato’ Ooi is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. Dato’ Ooi has accumulated over 30 years of experience in a wide range of audit, risk and internal audit work.</p> <p>All the personnel deployed by KPMG are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.</p> <p>There was a total of 5 personnel which were deployed by KPMG for the internal audit work during the financial year ended 31 December 2019. All the personnel possess tertiary qualifications and the requisite level of expertise and professionalism.</p> <p>The internal audit work is conducted based on KPMG Internal Audit Methodology (“KIAM”), which is closely aligned with the International Professional Practices Framework (“IPPF”) of the Institute of Internal Auditors to provide independent, clear and practical advice for the right processes and internal controls to be in place.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Mi Technovation Berhad ensures that its communication with the shareholders and various stakeholders is accurate, clear, timely, factual, informative, consistent and complete disclosure of material information pertaining to the Company's performance and operations. The Board also committed to ensure fair and equal access to such information through circulated disclosure.</p> <p>Mi Technovation Berhad has established different communication channels with shareholders such as Annual General Meeting ("AGM"), Extraordinary General Meetings ("EGM"), Annual Report, Investors Briefing Sessions and Company website.</p> <p>Mi Technovation Berhad's dedicated Investor Relations ("IR") unit has the primary responsibility to provide effective channels of communication with the investment community. IR unit seeks constructive ideas or feedbacks through ongoing engagement with the stakeholder groups to enhance the relationship with investing community and open two-way communication in order to improve disclosure and transparency. Contact details of key IR coordinator of Mi Technovation Berhad is as follows:</p> <p>iBES Advisory Sdn Bhd Contact: +603 2712 1862 Email: ir@ibes-advisory.com</p> <p>John Lee Assistant Manager of Corporate Finance Contact: +604 373 8688 (Ext. 206) Email: jw.lee@mi-eg.com</p> <p>The Company via its website at http://www.mi-eg.com, provides comprehensive and easy access to the latest information about the Group. Information available on the corporate website includes Mi Technovation Berhad's corporate profile, individual profiles of Non-Independent Directors and Independent Directors, share information, financial results, Mi Technovation Berhad's global operations and subsidiaries. Additionally, information on the Group's corporate</p>

	governance structure and framework is also published in Mi Technovation Berhad's corporate 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

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	:	Applied	
Explanation on application of the practice	:	This is not applicable to the Company in view that the Company does not fall within the definition of "Large Companies".	
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	:	On 25 April 2019, the Company announced that Annual General Meeting (“AGM”) to be held on 11 June 2019. The Board endeavoured to dispatch its notice at least 28 days before the meeting and is mindful that sufficient notice and time given would allow the shareholders to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney. This would also enable the shareholders to properly consider the resolutions that will be discussed and decided at the meeting.	
Explanation for departure	:	Please provide an explanation for the 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>On 11 June 2019, the Company held its Annual General Meeting (“AGM”) with full Directors’ attendance.</p> <p>The Chairman and Chair of all Board Committees are fully aware of their respective scope of responsibilities and come prepared to address any issues that the shareholders may raise within the scope of responsibilities of the Board Committees that they lead.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company does not have a large number of shareholders.</p> <p>The AGM held at Hotel Equatorial Penang on 11 June 2019 has facilitated greater shareholders' participation. Shareholders who are unable to be present has appointed a proxy to attend and vote on behalf.</p> <p>The Company may consider leveraging on technology to facilitate remote shareholders' participation at the forthcoming Annual General Meeting (AGM). A fully virtual AGM maybe conducted with live streaming from broadcast venue and shareholders are participating in the meeting online.</p> <p>This is provided for in the Company's Constitution.</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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