

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7248
COMPANY NAME : SLP RESOURCES BERHAD
FINANCIAL YEAR : December 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>Our Board assumes overall responsibility in leading the strategic direction, future expansion, corporate governance, risk management, human resource planning and development, investments made by the Company and overseeing the proper conduct of business of the Group.</p> <p>The matters reserved for the collective decision of the Board include the annual business plan and budget, dividend policy, business continuity plan, issuance of new securities, business restructuring, expenditure above a certain limit, disposals of significant fixed assets and the acquisition or disposal of companies within the Group. Such key matters are listed in item 4 of the Company's Board Charter which is published on the Company's website at www.sinliplas.com.my.</p> <p>In discharging its duties, the Board delegates certain of its responsibilities to the Board Committees which operate within defined Terms of Reference ("TOR") as stipulated in their respective Committee Charters. The Chairman of the respective Board Committees report to the Board on key matters deliberated at the respective Board Committee meetings and makes recommendations to the Board for final decision, where necessary.</p> <p>The Board Committees include:</p> <ul style="list-style-type: none">a) the Audit and Risk Management Committee ("ARMC");b) Nomination Committee ("NC"); andc) Remuneration Committee ("RC"). <p>The responsibilities delegated to the respective Board Committees are set out in item 5 of the Board Charter and the delegated power of each Committee as approved by the Board are set out in the respective Committee Charters which are published on the Company's website at www.sinliplas.com.my.</p>

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

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Our Chairman, Khaw Khoon Tee, holds an executive position and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group.</p> <p>Our Chairman is committed to good corporate governance practices. The roles and responsibilities of the Chairman of our Board are:</p> <ul style="list-style-type: none">a) providing leadership for the board so that the board can perform its responsibilities effectively;b) setting the board agenda and ensuring that board members receive complete and accurate information in a timely manner;c) leading board meetings and discussions;d) encouraging active participation and allowing dissenting views to be freely expressed;e) managing the interface between board and management;f) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole; andg) leading the board in establishing and monitoring good corporate governance practices in the company. <p>The detailed roles and responsibilities of our Chairman which has been approved by the Board are listed in item 6 of the Company's 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 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Our Chairman, Khaw Khoon Tee and our Managing Director ("MD"), Khaw Seang Chuan, both holding separate position and their respective roles and responsibilities are governed by the Company's Board Charter.</p> <p>The roles and responsibilities of the Chairman and Managing Director are made clearly distinct to further enhance the existing balance of power and authority.</p> <p>Our Managing Director oversees the day-to-day management and running of the Group and the implementation of the Board's decisions and policies. Our MD's duties and responsibilities which have been approved by our Board are listed in item 6 of 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 role of our Company Secretary is currently held by Miss Ch'ng Lay Hoon. Her roles and responsibilities include, but are not limited to the following:-</p> <ul style="list-style-type: none"> (a) manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications; (b) advise the board on its roles and responsibilities; (c) facilitate the orientation of new directors and assist in director training and development; (d) advise the board on corporate disclosures and compliance with company and securities regulations and listing requirements; (e) manage processes pertaining to the annual shareholder meeting; (f) monitor corporate governance developments and assist the board in applying governance practices to meet the board's needs and stakeholders' expectations; and (g) serve as a focal point for stakeholders' communication and engagement on corporate governance issues. <p>Our Company Secretary has the requisite credentials, and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016 and undertake continuous professional development.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors are to receive copies of Board Papers and agenda items at least seven (7) business days in advance of the Board meeting.</p> <p>Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any Director has the authority to seek any information he/she requires from any employee of the Group and all employees must comply with such requests.</p> <p>All Directors shall have access to the advice and services of the Company Secretary. Any Director may seek independent legal, financial or other advice as they consider necessary at SLP's cost. Any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice and, where appropriate, dissemination of the advice to all Directors.</p> <p>Full Board minutes of each Board meeting are kept at the registered office of the Company and are available for inspection by any Director during office hours.</p> <p>The minutes of meetings shall accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on particular matter.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Board Charter was adopted by the Board on 28 April 2014 and any subsequent amendment to the Charter can only be approved by the Board.</p> <p>Apart from setting out the roles and responsibilities of the Board, the Board Charter also outlines the membership guidelines, procedures for Board Meetings, Directors' remuneration, and investor relations and shareholder communication.</p> <p>The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.</p> <p>The Board Charter is published on the Company's website at www.sinliplas.com.my.</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>The Board has established the Corporate Code of Conduct ("Code") on 28 April 2014 and published it on the Company's website. It would be periodically reviewed and updated in accordance with the needs of the Company. The Code sets out the standards which the Directors, officers and employees (together "Personnel") of SLP and its subsidiaries are expected to comply in relation to the affairs of SLP's businesses when dealing with each other, shareholders and the broader community.</p> <p>The Code is intended to focus on the Board and Management on areas of ethical risk, provide guidance to personnel to help them to recognise and deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty and accountability.</p> <p>The Code includes, inter alia, matters relating to conflicts of interest, proper use of the Company's assets and properties as well as knowledge and information and prohibited activities or misconduct involving gifts, gratuities, bribes and corruption, insider trading and money laundering.</p> <p>The Code is published on the Company's website at www.sinliplas.com.my.</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

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 formalised Whistle Blowing Policies and Procedures (“WBPP”) on 24 April 2014 and published it on the Company’s Website. This WBPP promotes an environment of integrity and ethical behaviour within the Group and are applicable to all employees of the Group.</p> <p>This WBPP provides an avenue for employees to report any breach or suspected breach of any law or regulation, including business principles and the Group’s policies and guidelines, in a safe and confidential manner.</p> <p>A Senior Independent Non-Executive Director (“INED”) has been identified by the Board as the person to whom all whistle blowing reports may be conveyed. The INED may delegate the responsibility for implementing the Whistle Blowing procedures to a guardian/custodian of the Whistle Blowing procedure within the Company. The guardian’s role is to appoint fair and independent (internal or external) investigative officers of the Company to be identified who will initiate an investigation into the complaint and report to the INED to decide on the appropriate course of action. If the INED deemed the complaint material or otherwise appropriate for the attention of the Board, it shall be so brought up at the following Board meeting. The WPP also includes provisions of confidentiality to safeguard the identity of the Whistle Blower.</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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Our Board has four (4) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director</p> <p>The Board composition complies with Paragraph 15.02 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) that requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors.</p> <p>The Board is supportive of objective and independent deliberation review and decision making within the Company and/ or the Group.</p> <p>In the absence of at least half of the Board comprising independent directors for time being, the Board believes, having regard to the current Independent Directors’ knowledge, experience and competence who free from any business or other relationship with the Non-Independent Directors, would affect their exercise on unfettered and independent judgement.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	Annual Shareholders' approval were obtained for Mary Geraldine Phipps who served the Board as Senior Independent Non-Executive Director of the Company for a cumulative term of approximately eleventh (11) years since the public listing date of the Company on Bursa Securities. During her tenure, Mary Geraldine Phipps has continued to exercise her independence and carried out her professional duties in the best interest of the Company and shareholders.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Choose an item.
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>Appointment of Board and Senior Management are based on objective criteria, merit and besides gender diversity, due regard are placed for diversity in skills, experience, age and cultural background.</p> <p>The Board pursues diversity in both the Board level and Senior Management.</p> <p>The Board recognises a diverse Board in the Company and/ or the Group could offer greater depth and breadth compared to non-diverse Board whilst the diversity at Senior Management will lead to better decision making.</p> <p>Please refer to the Annual Report, Profile of Directors and the Senior Management Team on pages[] to [] and [] to [] respectively for further information</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 does not have a specific policy on setting targets on the number of women representatives on the Board of the Company.	
		However, the Company has three (3) women Directors out of a total of eight (8) Directors on the Board since 2008. With such number of women representation on the Board, the Company has been recognised by the Ministry of Women, Family and Community Development for achieving the target of at least 30% women on Board in Public Listed Companies in conjunction with Hari Wanita 2016.	
<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	:	The Company has established policies in identifying candidates for appointment of directors in its NC Charter. In making the recommendations, NC would consider candidates proposed by the existing board members, and within the bounds of practicability, by any other senior executive, Director or major shareholder. The NC may also utilise independent sources including directors' registry, industry and professional association, open advertisements and independent search firms to identify suitably qualified candidates.	
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 Board recognises the need for Chairman of NC to be independent to ensure objectivity and independent judgement during deliberations.</p> <p>The NC is chaired by a Senior INED. This is in line with the TOR in the NC 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

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>The NC reviews annually the required mix of skills and experience of the Board, including core competencies which non-executive directors should bring to the Board and assesses the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director.</p> <p>The evaluation process is led by the Chairman of the NC and supported by the Company Secretary annually. The Directors complete the relevant questionnaires regarding the effectiveness of the Board and its Board committees. The assessment by all Directors are summarised and disclosed at the NC's meeting and reported at a Board meeting by the Chairman of the NC.</p> <p>For the financial year ended 31 December 2018, the NC has reviewed and assessed the mix of skills and experience of the Board including the core competencies of both Executive and Non-Executive Directors, size of the Board, contribution of each director and effectiveness of the Board and Board Committees and also evaluated the level of independence of the Directors. Based on the assessment, the NC was satisfied with the existing Board composition in terms of gender, ethnicity and age, and was of the view that all the Directors and Board Committees of the Company have discharged their responsibilities in a commendable manner and have performed competently and effectively.</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

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The remuneration/ fees of the Non-Executive Directors were based on recommendation made by MD to the NC and subject to the approval of the Board. Each individual Director concerned is abstained from discussion on his/ her own remuneration/ fees.	
		The Executive Chairman, MD and other Executive Directors' remuneration packages are structured to link rewards to corporate and individual performance. Performance is measured against the key result areas ("KPIs") achieved by the Group and individual achievement against targets set at the beginning of each year.	
		The Senior Management who reports directly to the Executive Directors are evaluated annually by the Executive Directors premised on annual measures and targets set.	
		The Group's remuneration policies and procedures however were not made available on the Company's website as the Board is of the opinion that such policies and procedures are not necessarily for public knowledge.	
<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	:	The Company's Terms of Reference of Remuneration Committee are provided in the RC Charter which is available on the Company's website.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The detailed disclosure on named basis for the remuneration of individual director are set out in paragraph 7 of the Corporate Governance Overview Statement at pages 25 to 26 of the Company's Annual Report 2018.	
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	:	The detailed remuneration on a named basis of top four (4) Senior Management who also are Executive Directors have been disclosed in the CG Overview Statement in the Annual Report 2018.	
		The Board considered the information of the remuneration of the other Senior Management personnel to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talents. Hence, the Company had disclosed their remuneration components in bands width of RM50,000 but not on named basis in the Annual Report 2018.	
<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	:	Choose an item.
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	:	Mary Geraldine Phipps, a Senior Independent Non-Executive Director of the Company is the Chairman of the ARMC whilst Khaw Khoon Tee 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	:	None of the members of the Board were former key audit partners. Hence, no member of the ARMC appointed was a former key audit partner. The Group will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the ARMC was a key audit partner.	
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 ARMC assessed the performance, competency and professionalism demonstrated by the external auditors during the year.</p> <p>The ARMC obtained the assurance on the independence from the external auditors and recommended the audit fees payable to the Board for approval.</p> <p>The ARMC considered and assessed the independence and objectivity of the external auditors during the year and also prior to engaging the external auditors for non-audit related services.</p> <p>The non-audit fees paid to the member firms of external auditors in the financial year ended 31 December 2018 amounted to RM Nil.</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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Choose an item.
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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Not all members of the Company's Audit Committee are financially literate but they are able to understand matters under the purview of the Audit Committee and possess the necessary skills to discharge their duties effectively.
		The qualification and experience of the individual ARMC members are disclosed in the Board of Directors' Profile on pages [] to [] of the Company's Annual Report.
<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 of Directors has always placed significant emphasis on sound internal controls which are necessary to safeguard the Group's assets and shareholders' investment. To this end, the Board affirms its overall responsibility for the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls. However, it should be noted that such system, by its nature, manages but not eliminates risks and therefore can provide only reasonable and not absolute assurance against material misstatement, loss or fraud.</p> <p>The Group's internal audit function has been outsourced to an independent professional service firm to provide an independent assurance to the Board on the effectiveness and adequacy of the Group's system of internal control.</p> <p>The Board has reviewed the risk management and internal control system in accordance with the guidelines for directors on risk management and internal control, the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies.</p> <p>The Board has obtained assurance from the MD of the Group and a Senior Management (who is in charge of Financial and Corporate Affairs) that the system of risk management and internal control being instituted throughout the Group are adequate and effective in all material aspects</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	:		
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Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control as presented in the Annual Report 2018.	
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	:	Choose an item.
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Group's independent Internal Audit function is performed by the external independent consulting firm ("Internal Auditors"). The Internal Auditors has direct access to both the ARMC and the Chairman of the ARMC, and reports to the ARMC on all matters of internal control and audit. Details of the internal audit function are set out in the SORMIC and ARMC Report in the Company's Annual Report 2018.	
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 Group outsources its internal audit functions to an independent professional service firm, JWC Consulting Sdn Bhd ("JWC") which provides our ARMC and our Board with reasonable assurance on the adequacy and integrity of the system of internal controls.</p> <p>JWC is independent of activities related to business operations and performs its duties in accordance with standards set by relevant professional bodies, namely Institute of Internal Auditors. The responsibilities of JWC include developing the annual audit plan, execution and reporting the audit results for the Group to ARMC. For such purposes, JWC prepares a detailed Annual Audit Plan in consultation with the Management for submission to the ARMC for approval. Subsequently, JWC carries out all activities to conduct the audits in accordance with the audit plan and thereafter reports its findings to ARMC.</p> <p>Further details on the Internal Audit function are available in the ARMC Report and Statement on Risk Management and Internal Control in the Annual Report 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 communication channel between the Board, shareholders and general public, and at the same time, full compliance with the disclosure requirements as set out in the Listing Requirements.</p> <p>The annual reports, press releases, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.</p> <p>Our Managing Director is the designated spokesperson for all matters relating to the Group and dedicated personnel are tasked to prepare and verify material information guided by the Company's Corporate Disclosure Policy for timely disclosure upon approval by the Board.</p> <p>The Group maintains a website at www.sinliplas.com.my for shareholders and the public to access information on, amongst others, the Group's background and products, financial performance and corporate information.</p> <p>Shareholders can at any time seek clarification or raise queries via emails or telecommunication of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Choose an item.	
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

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

Practice 12.1

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

Application :	Applied																			
Explanation on application of the practice :	The notices of AGM are despatched to shareholders at least 28 days before the AGM, to allow shareholders additional time to go through the Annual Report and make the necessary attendance and voting arrangements. Such Notices of AGM is also circulated in a nationally circulated newspaper alongside an announcement on the website of Bursa Securities. The Company's past Notice of AGMs are summarised as follows:																			
	<table border="1"><thead><tr><th>Financial Year Ended 31 December</th><th>Date of Issue</th><th>Date of AGM</th><th>No of Days</th></tr></thead><tbody><tr><td>2015</td><td>29 April 2016</td><td>1 June 2016</td><td>33 days</td></tr><tr><td>2016</td><td>27 April 2017</td><td>26 May 2017</td><td>29 days</td></tr><tr><td>2017</td><td>27 April 2018</td><td>28 May 2018</td><td>28 days</td></tr></tbody></table>	Financial Year Ended 31 December	Date of Issue	Date of AGM	No of Days	2015	29 April 2016	1 June 2016	33 days	2016	27 April 2017	26 May 2017	29 days	2017	27 April 2018	28 May 2018	28 days			
Financial Year Ended 31 December	Date of Issue	Date of AGM	No of Days																	
2015	29 April 2016	1 June 2016	33 days																	
2016	27 April 2017	26 May 2017	29 days																	
2017	27 April 2018	28 May 2018	28 days																	
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 were present at the 13th Annual General Meeting in person to engage directly with the shareholders.</p> <p>At the 13th AGM, the Chairman invited shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting at a Questions & Answers session, before putting a resolution to vote. The Directors, Management and external auditors were in attendance to respond to the shareholders' queries.</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's all past Annual General Meetings were held in reputable hotels within the capital city limits and not in remote location.</p> <p>Shareholders are entitled to appoint proxy/proxies to vote on their behalf in their absence at general meetings.</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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