

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7114
COMPANY NAME : D'nonce Technology Bhd
FINANCIAL YEAR : April 30, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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>The Board sets the Company's strategy and ensure that the necessary resources are in place for the Company to meet its objectives while regularly reviewing management performance. The Board also sets the Company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met by taking, amongst others, the roles as follows:</p> <ol style="list-style-type: none"> 1. To review, challenge, decide and monitor Key Senior Management's strategies, business plans and significant policies after satisfying themselves that Key Senior Management has taken into account all the relevant and appropriate considerations in establishing the strategies, plans and policies. 2. To ensure a competent Key Senior Management by establishing policies for strengthening the performance of the Group with a view to proactively build the business through innovation, initiative, technology, new products, development of its business capital and including strategies on economic, environmental and social considerations underpinning sustainability; 3. To monitor implementation, progress and performance of the strategies, policies, plans, legal and fiduciary obligations that affect the business by adopting performance appraisal measures; 4. To evaluate whether the business is being properly managed and to ensure that the solvency of the Group and the ability of the Group to meet its contractual obligations and to safe guard the Group's assets; 5. To ensure that the Group has a sound framework for internal controls and risk management; 6. To understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks; 7. To set the risk appetite within which the Board expects Key Senior Management to operate and ensure that there is an appropriate

	<p>risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non- financial risks;</p> <p>8. To establish various Board Committees and ensure their effectiveness to address specific issues, by considering recommendations of the various board committees and acting on their reports;</p> <p>9. To ensure that the statutory accounts of the Company and Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;</p> <p>10. To ensure the Key Senior Management has the necessary skills and experience and that there is in place an appropriate succession plan for members of the Board and Key Senior Management;</p> <p>11. To ensure that the Board together with Key Senior Management promote good corporate governance culture within the Company which adheres to high standards of ethical, prudent and corporate/professional behaviour including transparency in conduct of business. Directors are required to comply with the Directors’ Code of Best Practice which amongst others includes the declaration of any personal, professional or business interest, direct or indirect which may conflict with directors’ responsibilities as a Board Member and to refrain from voting on such transaction with the Group;</p> <p>12. To ensure that there is in place an appropriate investor relation and communication policy.</p> <p>13. To ensure that the Company’s corporate disclosure are in compliance with the disclosure requirements as set out in the Listing Requirements; and</p> <p>14. To ensure the Company has effective, transparent and regular communication with its stakeholders to enable them to make informed decisions with respect to the business of the Group, its policies on governance, the environment and social responsibility.</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>The Chairman, Mr Lim Siang Kai, who is a Non-Independent and Non-Executive director is primarily responsible for the overall leadership and ensuring the Board's effectiveness and conduct, good corporate governance practices and efficient functioning of the Board. The key roles of the Chairman, amongst others, are as follows:</p> <ul style="list-style-type: none">(a) responsible for the overall leadership and efficient functioning of the Board;(b) ensure that the Board functions effectively, cohesively and independently of Key Senior Management;(c) leading the Board in establishing and monitoring good corporate governance practices in the Company;(d) setting the Board agenda and ensuring that the Board members receive complete and accurate information in a timely manner;(e) leading the Board, including presiding over Board meetings and Company meetings and directing Board discussions to effectively use the time available to address the critical issues facing the Company;(f) encouraging active participation and allowing dissenting views to be freely expressed by the Board members;(g) acting as liaison between the Board and Key Senior Management and promoting constructive and respectful relationship within and between Board members and Key Senior Management;(h) ensure that there are effective communication between the Company and/or Group and its shareholders and relevant stakeholders and that their views are communicated to the Board as a whole; and(i) carrying out other duties as requested by the Board as a whole, depending on the needs and circumstances.
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 positions of Chairman and the CEO are held by two different individuals. The Chairman, Mr Lim Siang Kai leads the Board and is responsible to ensure the Board effectiveness and conduct. The CEO, Mr Tho Yow Yin is to oversee the management of the business and affair of the Group and to implement the Board’s decision.</p> <p>There is a clear division of responsibilities between the Chairman and the CEO to ensure a balance of power and authority, as stated in the Company’s Board Charter, which is available on http://www.dnncetech.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

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	:	The Company Secretaries of the Company Ms Wong Yee Lin and Ms Hing Poe Pyng are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. The former is a member of Malaysia Institute of Accountants whilst the latter is a member of The Malaysian Institute of Chartered Secretaries and Administrators. They support the Board by advising the Board on matters relating to the constitution of the Company, facilitating compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and maintenance of statutory records.
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 provided with meeting materials at least 7 days prior the date of the meeting to facilitate meaningful deliberation during each meeting.</p> <p>The minutes of the board meeting are circulated to all the Directors on a timely basis for them to review and confirmed at the next board meeting. Thereafter, the signed copies are kept in the minutes’ book by the company secretary.</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>There is demarcation of responsibilities between the Board, Board Committees and Management and there is clarity in the authority of the Board, its committees and individual directors. These are detailed in the Company's Board Charter which is published on the Company's website: http://www.dnoncetech.com. The Board Charter was last revised on 19 November 2019.</p> <p>The Board appropriately delegates its authority to Board Committees or Management. Despite the delegation of authority, the Board does not abdicate its responsibility and at all times exercise collective oversight of the Board Committees and Management. The Board does not delegate matters to a Committee or Management to an extent that would significantly hinder or reduce its ability to discharge its functions. Regular review of the division of responsibilities is conducted to ensure that the Company is able to adapt to changing business circumstances.</p> <p>The following matters shall be reserved to the Board for determination and/or approval (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Committees of the Board or Management):</p> <ul style="list-style-type: none">(a) corporate plans and programmes;(b) annual budgets, including major capital commitments;(c) new ventures;(d) material acquisitions and disposals of undertakings and properties;(e) changes to the management and control structure within the Company and its subsidiaries, including key policies.
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

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 formalised a Code of Conduct for Directors and Employees of the Company and its subsidiaries (D’nonce Group of Companies). This Code of Conduct outlines a comprehensive standard of conduct expected of all employees and it principally covers the following values:</p> <ul style="list-style-type: none"> • Integrity • Sense of responsibility • Emphasis on quality • Discipline • Sense of teamwork <p>Within these scope of values, the Code of Conduct, amongst others, outlines the conduct in relation to corruption, misuse of official position, discipline in the workplace, sexual harassment, confidentiality, conflict of interest, company’s proprietary information, public disclosure and health and safety. The Board would periodically review the said Code of Conduct. The Code of Conduct is published on the Company’s website: http://www.dnuncetech.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 encourages employees to report genuine concerns in relation to unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements without fear of reprisal. The Group has established a Whistleblowing Policy underlining its protection and reporting channels. The Whistleblowing Policy is published on the Company’s website: http://www.dnoncotech.com.</p> <p>This policy is further enhanced with the Whistle-blower Protection Act 2010 where a whistle-blower must be given proper protection against an employer while a complaint is being investigated. Harassments or retaliations in any form or manner against genuine whistle-blower, if proven, shall be treated as gross misconduct, which may lead to dismissal.</p> <p>Amongst others, the Policy is to ensure that a whistle-blower can report or disclose through established channels concerns that are taking place/has taken place/may take place in the future. Only genuine concerns should be reported and this report should be made in good faith with a reasonable belief that the information and any allegation in it are substantially true, and the report is not made for personal gain. Malicious and false allegations will be viewed seriously and if proven, may lead to dismissal or other punitive measures including legal actions.</p> <p>To facilitate the channel of reporting by whistle blowers, and also to ensure confidentiality , the policy has identified the respective levels of authority within the D’nonce Group for which the report shall be addressed as follows:</p>

	<ul style="list-style-type: none"> • Chairman of the Board • Chairman of Audit & Risk Management Committee • Chief Executive Officer 	
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>Currently there are six (6) members of the Board which comprises of one (1) Non-Independent Non-Executive Chairman, one (1) Executive Director and four (4) Independent Non-Executive Directors. At least half of the Board comprises independent directors ie four (4) out of six (6) board members comprise of independent directors.</p> <p>The composition of the Board complies with paragraph 15.02 of the MMLR of Bursa Securities whereby at least two (2) directors or one-third (1/3) of the Board, whichever is higher, are independent directors.</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 4.2

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	
Explanation on application of the practice	:	None of the Independent Non-executive Directors have served on the Board for a cumulative term of more than nine (9) years.	
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	:	Adopted
Explanation on adoption of the practice	:	As stipulated in the Board Charter, the Board is mindful of the tenure of its Independent Director which should not exceed a cumulative term of nine (9) years and 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 (9) years, it should justify and seek annual shareholders' approval.

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is always mindful of various diversity factors to strengthen the Board composition that meets the objectives and strategic goals of the Company. The evaluation of the suitability of candidates as the new Board member is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company, regardless of gender, age and ethnicity.</p> <p>The Nominating Committee recommends to the Board, candidates for directorship Board Committee membership and Key Senior Management taking into consideration, amongst others, various diversity factors of the candidates including skills, knowledge, expertise, experience, professionalism, integrity, ethnicity and gender shall be sought as part of its recruitment exercise. In the case of candidates for the position of independent non-executive directors, the Nominating Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive directors.</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 set any target on gender diversity. The Board is of the view that the selection of a candidate for the Board should be dependent on the candidate’s skills, knowledge, education, qualities, expertise and experience and other qualities in meeting the requirements of the Company regardless of gender.	
<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>The Nomination Committee will carry out its duties and responsibilities as set out in its Terms of Reference contained in the Board Charter which can be viewed on the Company's website.</p> <p>As part of the Terms of Reference, the Nomination Committee will convene its meeting at least once a year and in arriving at the recommendation for suitable candidates for new board members, they may invite other Board members, officers of the Company, employees and any other independent sources from external parties to attend meetings or part thereof as and when necessary. The Chairman of the Nomination Committee will subsequently report to the Board at the next Board of Directors' Meeting.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is chaired by Mr Chong Kim Teck who is an Independent Non-Executive Director.	
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>Evaluation had been done to assess the Board, Board Committees and each individual Directors. The evaluation was conducted using the Board and Board Committee Evaluation Form, Individual Director Self and Peer Evaluation Form, Assessment on Mix of Skill and Experience Form and Evaluation of Level of Independent of a Director Form.</p> <p>The results indicated that the Board as a whole was effective and individual contribution of each director was satisfactory. The Nominating Committee and the Board also expressed satisfaction with the independence of performance of the Independent Non-Executive Director 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

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's Terms of Reference and the Directors' Remuneration Policy are set out in the Board Charter which is available on Company's website at http://www.dnoncetech.com</p> <p>The rewards for executive directors are based on their performance against the Company's results. The following factors shall be taking into consideration in determining the quantum of remuneration:</p> <ul style="list-style-type: none"> • Position and scope of work • Business strategy and long term objectives of the Company • Complexity of the Company's activities • Performance • Number of years of service • Experience • Salary based on industries standard <p>Determination of remuneration packages of non-executive directors, including non-executive chairman should be a matter for the board as a whole. The individuals concerned should abstain from discussion of their own remuneration.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has a Remuneration Committee that responsible for recommending to the Board the appropriate remuneration of the Executive Directors in all forms to commensurate with the respective contributions of the Executive Directors. The Executive Directors are to abstain from deliberation and voting on the decision in respect of their own remuneration packages. Currently, the Remuneration Committee majority of Independent Non-Executive Directors.</p> <p>The Remuneration Committee’s Terms of Reference is available at the Company’s website at https://www.dnoncetech.com.</p> <p>The Remuneration Committee reviews the remuneration packages of the Executive Directors, and recommended to the Board for approval, to ensure their remuneration packages is sufficiently attractive and is able to retain and motivate Executive Directors to run the Company successfully.</p> <p>All the Independent Non-Executive Directors are entitled to the Directors’ fees and meeting allowances for attending Board and Board committee meetings. The proposed Directors’ fees and Directors’ benefits are subject to shareholders’ approval at general meeting.</p> <p>The Terms of Reference of the Remuneration Committee are detailed in the Board Charter which is made available on the Company’s website.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	The detailed disclosure on named basis for the remuneration of individual Directors is disclosed in the 2020 Annual Report of the Company. The detailed remuneration breakdown of each individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The disclosure of senior management personnel's names and their salary, bonus, benefits in-kind, and other emoluments would not be in the best interest of the Group due to confidentiality and security concerns. The Board is of the view that such disclosure would have adverse effect on the Company's talent retention in the highly competitive industry.</p> <p>The aggregate remuneration paid to the staff including the Senior Management are disclosed in Note 21 to the Financial Statements in the Company's 2020 Annual Report.</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

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 Chairman of the Audit & Risk Management Committee and Chairman of the board is held by two different Directors. The Chairman of the Board is Mr Lim Siang Kai and the Chairman of Audit & Risk Management Committee is Mr Lam Kwong Fai (Lin Guanghui).	
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	:	This practice has been adopted by the Audit & Risk Management Committee as stipulated in its Terms of Reference where it has put in place the policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit and Risk Management 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 Audit & Risk Management Committee assesses the suitability and independence of the External Auditors on an annual basis.</p> <p>The Audit & Risk Management Committee met with the external auditors at least twice a year without the presence of any executive Board members to communicate independently with the external auditors.</p> <p>The external auditors also rotates their engaging partner in charge of the financial statement audit of the Group once every 5 years to maintain their independence from the Group. The external auditors have provided the declaration of their independence in their annual audit plan presented to the Audit Committee.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	<p>The Audit and Risk Management Committee comprised three (3) Independent Directors and one (1) Non-Independent Non-Executive Director.</p> <p>The Company is reviewing its Board Committees' structure and will make necessary changes in accordance with the recommendation of Malaysian Code on Corporate Governance in due course.</p>

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 current Audit & Risk Management Committee comprises Mr Lam Kwong Fai (Lin Guanghui)(Independent and Non-Executive Director), Mr Lim Siang Kai (Non-Independent and Non-Executive Director), Mr Chong Kim Teck (Independent and Non-Executive Director) and Mr Wan Kam Tho (Independent and Non-Executive Director)</p> <p>Collectively, the Audit & Risk Management Committee possess a wide range of necessary skills to discharge its duties whereby its members are financially literate and have sufficient understanding of the Company's business. The members are able to continuously apply a critical and probing view on the Company's financial reporting process, transaction and other financial information and effectively challenge management's assertions on the Company's financials. The Audit & Risk Management Committee continuously seek for further professional development opportunities for its members to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has in place an on-going process for identifying, evaluating and managing key risks that may affect the achievement of the business objectives of the Group. Towards cultivating a sustainable risk management culture, risk management principles and practices are embedded into existing key processes across different functions within the Group.</p> <p>The Board of Directors is responsible</p> <ol style="list-style-type: none">1. To ensure that the Group has a sound framework for internal controls and risk management;2. To understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;3. To set the risk appetite within which the Board expects Key Senior Management to operate and ensure that there is an appropriate risk management framework to identify, analyze, evaluate, manage and monitor significant financial and non-financial risks; <p>The Audit & Risk Management Committee performs the following functions relating to internal control and risk management :</p> <ol style="list-style-type: none">1. review the adequacy of the scope, function, budget, competency, resources and authority necessary to carry out the work and that it reports directly to the Audit & Risk Management Committee;2. (ii) review the internal audit plan, processes and results of the internal audit assessments, investigation undertaken and ensure that appropriate action is taken on the recommendations;3. review and appraise the performance of members of the internal audit function;4. approve the appointment and termination of senior internal audit personnel;5. review the resignations of internal audit personnel and give them the opportunity to submit reasons for their resignations; and

	<p>6. review the follow-up actions by Key Senior Management on the weaknesses;</p> <p>7. to review the Group's risk Key Senior Management and internal control.</p> <p>The risk management framework and internal audit function are disclosed under the Statement of Risk Management and Internal Control on pages 22 to 24 of the Company's 2020 Annual Report.</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 Internal Auditors assist the Audit & Risk Management Committee and Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's governance, risk management and internal control processes.</p> <p>The features of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in the Annual Report 2020.</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

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	:	<p>Currently, the role of the Risk Management Committee is assumed by the Audit & Risk Management Committee which is comprised three (3) Independent Non-Executive Directors and one (1) Non-Independent and Non-Executive Director.</p> <p>The Company is reviewing its Board Committees’ structure and may formalise a separate risk management committee in accordance with the recommendation of Malaysian Code on Corporate Governance in due course.</p>

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 Group's internal audit function is outsourced to a professional services firm, Kloo Point Sdn. Bhd. to assist the Board and Audit & Risk Management Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control systems.</p> <p>The Audit & Risk Management Committee has made a thorough assessment of the appointed Internal Auditors and will ensure that the internal audit function is effective and able to function independently.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group’s independent internal audit function is outsourced to a professional service firm, Kloo Point Sdn. Bhd. The firm and its consultants are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>Mr. Khor Ben Jin heads the Group internal audit function as the Chief Audit Executive (“CAE”). He is also the executive director of the professional service firm. Each internal audit reviews is staffed by 3 internal audit executives, including the CAE who also leads the reviews and the engagement to ensure that the internal audit function is carried out effectively. The CAE reports directly to the Chairman of the Audit and Risk Management Committee on audit matters, and to the CEO/FC on administrative matters.</p> <p>Mr Khor is a Fellow of the Association of Chartered Certified Accountants, UK, a Certified Internal Auditor, USA, as well as a member of the Malaysian Institute of Accountants. He has more than 15 years of experience in providing internal audit consulting services, enterprise risk services and corporate governance reviews addressing issues relating to governance, risk and controls compliance in highly regulated environments. In addition, he has been trained in Internal Audit methodologies which enabled him to identify risks and establish internal control process and system which covers the roles and functions and scope of work to assist the Audit Committees and the Boards of Directors to oversee the internal audit function of the Group.</p> <p>The internal audit function has adopted the International Professional Practices Framework set by the Institute of Internal Auditors (“IIA”) and ensures that staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review.</p>

	The Audit and Risk Management Committee has reviewed the internal audit function to be undertaken by Kloo Point Sdn. Bhd. and is satisfied that it is carried out in accordance with a recognised framework.	
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 Company recognizes the importance of timely and thorough dissemination of information on all material business and corporate developments to shareholders and investors.</p> <p>The Company keeps shareholders informed by announcements and timely release of quarterly financial results through Bursa Malaysia, press releases, annual report and circular to shareholders.</p> <p>The Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with the shareholders of the Company. The Board encourages shareholders' active participation at the Company's AGM and endeavors to ensure all Board Members, Senior Management and the Group's External Auditors are in attendance to respond to shareholders' enquiries. At the AGM, the Board presents the performance of the Group as contained in the Annual Report and shareholders presence are given the opportunity to present their views or to seek more information. Resolutions tabled and passed at the AGM are released to Bursa Securities on the same day.</p> <p>The Group maintains a website at http://www.dnoncetech.com for shareholders and the public to access information on, amongst others, the Group's background and products, financial performance and updates on corporate news. Stakeholders can at any time seek clarification or raise queries through the corporate website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not a Large Company as defined by the Malaysian Code of Corporate Governance.	
<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 notice of Company's 20th AGM will be issued with at least 28 days prior to the meeting. The notice will also be advertised in one nationally circulated English language newspaper in Malaysia as well as announcement to Bursa Securities.	
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	:	The General Meetings are always pre-planned such that all the Directors are able to attend on the confirmed date. This General Meetings provide shareholders with the opportunity to engage in candid dialogue and to seek and clarify and issues and to have a better understanding of the Group's performance. The Board encourages shareholders' active participation at such meetings and members of the Board and the external auditors will be present to address any queries raised during the meetings.	
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Based on record of depositors, the Company does not have a large number of shareholders. Further, all general meetings are held at a hotel, which is easily accessible to all shareholders. As such, the concern over voting in absentia and/or remote shareholders' participation at AGM are not applicable.	
		As of now, the Company encourages participation of shareholders through the issuance of proxies when there is indication that shareholders are unable to attend and vote in person at general meetings.	
<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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