

# Corporate Governance Overview Statement

The Board of Directors of CME GROUP BERHAD is fully committed to ensuring high standards of corporate governance being practiced throughout the Group to safeguard and promote the interests of all its stakeholders and for sustainable value creation. As such, the Board is committed to ensure that the relevant principles and recommendations stipulated in the Malaysian Code on Corporate Governance 2012 (“the Code”) are applied throughout the Company and its subsidiaries.

The Board is pleased to present the following statement, which summaries the manner in which the Group has applied the principles and the extent of compliance with the best practices of the Code throughout the financial year under review.

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### 1.1 Clear Functions of the Board and Management

The Board plays an active role in directing management in an effective and responsible manner. The Directors, collectively and individually, has a legal and fiduciary duty to act in the best interest of the Company and to effectively represent and promote the interests of the shareholders and stakeholders with a view to achieve its vision towards corporate sustainability. The Board assured of a balanced and independent view at all Board deliberations.

To assist the Board in the discharge of its oversight function, the Board has established Board Committees namely an Audit Committee, Nominating Committee, Remuneration Committee and The Employees’ Share Option Scheme Committee. The Board Committees operate within their own clearly defined terms of references and responsibilities as set out by the Board.

The following matters shall be reserved to the Board for determination and/or approval:

- Corporate plans and programmes;
- Annual budgets, including major capital commitments;
- Key matters such as approval of annual and quarterly results;
- Material new ventures;
- Material acquisitions and disposal of undertakings and properties; and
- Changes to the management and control structure within the Company and its subsidiaries.

Other than as specifically reserved for the Board, the Board delegates the responsibility of implementing the Board approved strategies, business plans, policies and decisions to the Management which is led by the Group Chief Executive Officer (“CEO”).

The CEO and the management assumes, amongst others, the following duties and responsibilities:

- Putting in place its many measures to build on its core business of sales and services of Specialised Mobility Vehicles;
- Exploring new product range and opportunities within the specialised vehicle industry;

- Explore other viable and profitable business ventures to improve the Group's performance;
- Reviewing and monitor the performances of the Group's operating divisions;
- Review shared initiatives and update the operational policies; and
- Identify opportunities and risks affecting the Group's business and find ways of dealing with them.

The CEO shall attend Board Meetings by invitation. Non-Executive Directors may communicate with members of the management team at any time. The Board is assured of a balanced and independent view at all Board deliberations largely due to the presence of its Non-Executive Directors who are independent from management.

## **1.2 Board Roles and Responsibilities**

The Board assumes, amongst others, the following duties and responsibilities:

- Reviewing, monitoring and approving the overall strategies, direction and policies of the Group;
- Overseeing the conduct of the Company's business to evaluate and to ensure the business is being properly managed;
- Identifying principal risks and ensuring significant risks are appropriately managed, reviewed and addressed;
- Succession planning, including appointing and determining the compensation of where necessary replacing senior management if required and necessary;
- Considering management recommendations on key issues including acquisition, disposal, restricting and significant capital expenditure; and
- Reviews adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

## **1.3 Code of Conduct and Ethics and Whistleblowing Policy**

The Code of Conduct was adopted for governing the performance of work and business practices of the Group which includes obtaining authority for major transactions and ensuring compliance with laws and regulations that have significant financial implications. There are guidelines within the Group for recruitment of staff, training, performance appraisals and other relevant procedures.

The Board is alert to the possibility of potential conflicts of interest involving the Directors, its employees and the Company. In line with good corporate governance practices and with the introduction of Whistleblower Protection Act 2010, the Board recognises the important of formalising a Whistleblowing Policy and Procedures to provide an avenue for all employees of the Group or external party to raise concerns about any improper conduct within the Group.

The objective of the Whistleblowing Policy and Procedures is to ensure that whistleblower, through understanding the Whistleblowing Policy and Procedures, will come forward to express his or her concerns about a (suspected) malpractice, without fear of punishment or unfair treatment. The Whistleblowing Policy and Procedures is posted on the Company's website at [www.cme.com.my](http://www.cme.com.my).

#### **1.4 Strategies that Promote Sustainability**

The Board places great importance on corporate responsibility and business sustainability. The Company's activities on environment, social and governance for the year under review are disclosed in the Sustainability Statement of this Annual Report.

#### **1.5 Access to Information and Advice**

The Board has full and unrestricted access to all information pertaining to the businesses and affairs of the Group. Prior to the meetings of the Board and Board Committees, all Directors are furnished with the agenda together with comprehensive board papers containing information relevant to the business of the meetings. This allows the information, clarifications, necessary, at the meetings are focused and constructive to enable the Board to effectively discharge its function. Minutes of each Board meeting are circulated to all Directors for their perusal prior to confirmation, and Directors may raise comments or seek clarifications on the minutes prior to the confirmation of the minutes.

In discharging their duties, all the Directors have full access to the advice and services of the Company Secretary and other senior management. The Directors may, if necessary, also seek external independent professional advice in the furtherance of their duties to the Group's expense.

The Directors are notified of all the Company's announcements to Bursa Malaysia. They are also notified of the restriction in dealing with the securities of the Company at least one (1) month prior to the release of the quarterly financial result announcement.

Besides Board meetings, the Board also exercises control on matters that requires its approval through the circulation of Directors' resolutions.

#### **1.6 Qualified and competent Company Secretary**

The Company Secretary of the Group has legal qualification and qualified to act as company secretary. The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary ensures that deliberations at the Board meetings are recorded in the minutes. The Company Secretary also ensures that accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory registers of the company.

#### **1.7 Board Charter**

The Board is guided by Board Charter which provides reference for directors in relation to the Board's role, ensure the member acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practice of good Corporate Governance are applied in all their dealings in respect and on behalf of the Company.

The Board Charter is reviewed periodically to ensure its relevance and compliance. The Board Charter can be viewed on the Company's website at [www.cme.com.my](http://www.cme.com.my).

## **2. STRENGTHEN COMPOSITION OF THE BOARD**

### **2.1 Nominating Committee**

The Board has established a Nominating Committee consisting of the following Independent Non-Executive Directors:

|   |            |
|---|------------|
| Y.Bhg. Dato' Khairi Bin Mohamad   | (Chairman) |
| Miss Ong Suan Pin   | (Member)   |
| Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra<br>Alhaj Bin Tengku Azman Shah Alhaj | (Member)   |

The Nominating Committee is empowered by the Board and its terms and reference are:

- a. The members of the Nominating Committee shall be appointed by the Board from amongst their number, consisting of wholly or mainly Non-Executives and shall consist of not less than two (2) members.
- b. The members of the Committee shall elect the Chairman from amongst their number who shall be Independent Non-Executive Director.
- c. If the number of members for any reasons fall below two (2), the Committee shall, within three (3) months of that event, review and recommend for the Board's approval to appoint the appropriate Director to fill the vacancy.
- d. The term of office for all members of the Committee is subject to renewal on a yearly basis.
- e. The Company Secretary shall be the Secretary of the Committee.
- f. Directors do not participate in decisions on their own nomination.

#### **2.1.1 Terms of Reference of Nominating Committee**

- a. To propose new nominees for the Board and its subsidiaries whether to be filled by Board members, shareholders or executives.
- b. The Committee shall also consider candidates for directorships proposed by the Chief Executive Officer and within the bounds of practicality by any other senior executive or any director or shareholder.
- c. To make recommendations to the Board of Directors to fill seats on Board Committees.
- d. To assist the Board annually in reviewing the required mix of skills of experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board.

- e. To annually carry out the process to be implemented by the Board for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director.
- f. To review management's proposals for the appointment, dismissal, transfer and promotions of all executives.

Meetings are to be held as and when necessary. The quorum for each meeting shall be two (2). The Committee will decide its own procedures and other administrative arrangements. Minutes of each meeting shall be kept by the Company Secretary as evidence that the Committee has discharged its functions. The Chairman of the Committee will report to the Board after each Nominating Committee meeting.

## **2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors**

### **2.2.1 Appointment to the Board**

The appointment of Directors is undertaken by the Board as a whole upon recommendation by the Nominating Committee with due consideration given to the mix of expertise and experience required for an effective Board.

### **2.2.2 Gender Diversity Policy**

Currently, the Company does not have a policy on gender diversity but believes in providing equal opportunity to all candidates. The Board has one female director for the time being.

### **2.2.3 Annual Assessment**

The Nominating Committee will carries out annual evaluation on the effectiveness of the Board and the Board Committees as a whole. The evaluation will be done at least once a year for assessing the effectiveness of the Board. During the year, the performance evaluation indicated that the Board continue to function effectively.

### **2.2.4 Assessment of Independent Directors**

Pursuant to the Malaysian Code of Corporate Governance 2012, the tenure of an Independent Director should not exceed a cumulative term of nine years unless an approval is sought from the Company's shareholders at the Annual General Meeting to retain the said director as an Independent Director.

The Board through the Nominating Committee assessed the independence of Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and the Board has recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

- i) They fulfill the criteria under the definition on Independent Director as defined in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia;

- ii) They are able to bring independent and objective judgment to the Board;
- iii) They have been with the Company for more than nine (9) years with incumbent knowledge of the Company and the Group's activities and corporate history which enable them to participate actively and contribute positively during deliberations or discussions at Board meetings;
- iv) They have contributed sufficient time and effort and attended the Committee and Board Meetings for an informed and balanced decision making;
- v) They do not have any conflict of interest with the Company and have not been entering/are not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies; and
- vi) They have performed their duties diligently and in the best interest of the Company and provide broader views, independent and balanced assessment of proposals from the management.

### **2.2.5 Re-election of Directors**

In accordance with the Constitution of the Company (the "Constitution"), at each Annual General Meeting ("AGM"), one-third (1/3) of the Directors for the time being, or if their number is not three (3) or multiple of three (3), then the number nearest to one-third (1/3), shall retire from office by rotation and all Directors shall retire from office at least once every three years but shall be eligible to offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next AGM to be held following their appointments.

The Company Secretary ensure that all appointments are properly made, that all information is obtained from the Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements or other regulatory requirements.

The names and details of Directors seeking re-election and re-appointment are disclosed in the Notice of AGM in this Annual Report.

### **2.3 Remuneration Committee**

The Board has established a Remuneration Committee consisting of the following Directors:

|                                 |            |
|---------------------------------|------------|
| Y.Bhg. Dato' Khairi Bin Mohamad | (Chairman) |
| Miss Ong Suan Pin               | (Member)   |

- a. The members of the Remuneration Committee shall be appointed by the Board from amongst their number, consisting wholly or mainly of Non-Executive Directors and shall consist of not less than two (2) members.
- b. The members of the Committee shall elect the Chairman from amongst their number who shall be Independent Non-Executive Directors.
- c. If the number of members for any reasons fall below two (2), the Board shall, within three (3) months of that event, appoint such numbers of new members as may be required to make up the minimum number of two (2) members.

- d. The term of office for all members of the Committee is subject to renewal on a yearly basis.
- e. The Company Secretary shall be the Secretary of the Committee.
- f. Directors do not participate in decisions on their own remuneration packages.

### 2.3.1 Remuneration Policy

The responsibilities of Remuneration Committee are set out in the Term of Reference as below:

- a. To review and recommend to the Board the remuneration of each of the Executive and Non-Executive Directors in all its forms, drawing from outside advice as necessary.
- b. To recommend to the Board after reviewing the management’s proposals on:
  - Overall annual salary increment frameworks/policy.
  - Annual bonus limits/guidelines and incentive scheme.
  - Fees and basic salary levels.
  - Remuneration, benefits in kinds and other terms and conditions of employment, which have to be introduced as part of the group’s overall human resource development plan. This would include matters such as pegging the Group salaries in line with industry standards and major changes in benefits package.

### 2.3.2 Remuneration Procedures

Directors’ remuneration is decided and reviewed in line with the objective of attracting and retaining directors of the calibre, expertise and experience needed to lead the Group successfully. Remuneration for the Executive Directors is aligned to individual and corporate performance. Non-Executive Directors are paid fees for the responsibility they shoulder.

The Remuneration Committee recommends to the Board for approval the remuneration of the Executive Directors in accordance with the remuneration policy established. The Board as a whole determines the remuneration of the Non-Executive Directors. Each individual Director abstains from the Board decision on his own remuneration. The fees of the Directors are subject to the approval of the shareholders at the AGM.

### 2.3.3 Disclosure of Directors’ Remuneration

The details of Directors’ remuneration during the financial year disclosed by category are as follows:

| Directors              | Fee<br>(RM) | Salary<br>(RM) | Statutory<br>Contribution<br>(RM) | Incentive<br>(RM) | Total<br>(RM) |
|------------------------|-------------|----------------|-----------------------------------|-------------------|---------------|
| <b><u>From the</u></b> |             |                |                                   |                   |               |

| <b><u>Company</u></b>  |        |         |        |   |         |
|--|--------|---------|--------|---|---------|
| <b><i>Executive Directors</i></b>  |        |         |        |   |         |
| Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin                                   | 20,000 | -       | -      | - | 20,000  |
| En. Azlan Omry Bin Omar  | 20,000 | 126,000 | 15,120 | - | 161,120 |
| <b><i>Non-Executive Directors</i></b>  |        |         |        |   |         |
| Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj | 20,000 | -       | -      | - | 20,000  |
| Y. Bhg. Dato' Khairi Bin Mohamad   | 40,000 | -       | -      | - | 40,000  |
| Miss Ong Suan Pin  | 40,000 | -       | -      | - | 40,000  |
| YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah                               | 40,000 | -       | -      | - | 40,000  |
| <b><u>From the Group</u></b>   |        |         |        |   |         |
| <b><i>Executive Directors</i></b>  |        |         |        |   |         |
| Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin                                   | 20,000 | -       | -      | - | 20,000  |
| En. Azlan Omry Bin Omar  | 20,000 | 252,000 | 30,240 | - | 302,240 |
| <b><i>Non-Executive Directors</i></b>  |        |         |        |   |         |
| Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj | 20,000 | -       | -      | - | 20,000  |
| Y. Bhg. Dato' Khairi Bin Mohamad   | 40,000 | -       | -      | - | 40,000  |
| Miss Ong Suan Pin  | 40,000 | -       | -      | - | 40,000  |
| YAM Tengku Besar Tengku Kamil Ismail Bin   |        |         |        |   |         |



|                   |        |   |   |   |        |
|-------------------|--------|---|---|---|--------|
| Tengku Idris Shah | 40,000 | - | - | - | 40,000 |
|-------------------|--------|---|---|---|--------|

The Company respects the confidentiality of the remuneration of the Senior Management in view of the competitive nature of human resource market. Thus, the Company does not have the intention to adopt the recommendation to disclose the details of each member of senior management in bands of RM50,000 on a named basis.

However, the Company would endeavor to ensure that the remuneration packages of the employees are in line with the industry practices and the annual increments and bonuses payout are based on individual performance.

### **3. REINFORCE INDEPENDENCE**

#### **3.1 Annual Assessment of Independent Directors**

The Board shall assess the independence of the Independent Directors annually, taking into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.

The Independent Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. All four Non-Executive Directors are independent directors and are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinize the performance of Management in meeting approved goals and objectives, and monitor risk profile of the Company's business and the reporting of monthly business performance.

The Board has assessed the independence of the Independent Directors and is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

#### **3.2 Tenure of Independent Directors**

In compliance with the recommendation of the Code, the Nominating Committee has reviewed and assessed the Independent Director who has served a tenure of more than nine (9) years each in that capacity of the Company. Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj and Y. Bhg. Dato' Khairi Bin Mohamad, who were appointed as Independent Non-Executive Directors on 19 June 2000, have exercised their objectives and independent judgments on all board deliberations and have not compromised their long relationship with other Board members. The Nominating Committee has recommended to the Board to seek shareholders' approval for Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj and Y. Bhg. Dato' Khairi Bin Mohamad to be retained and re-appointed as Independent Non-Executive Directors of the Company at the forthcoming AGM.

#### **3.3 Separation of positions of the Chairman and CEO**

The roles and responsibilities of the Chairman and the CEO are distinct and separate; the Chairman being Non-Executive is not involved in the management and day-to-day operations

of the Group. The Chairman position has been vacated and the Board will continue to assess the need to fill up the position from time to time.

The CEO has overall responsibilities for the day-to-day management of the business and is responsible for Group strategies, organisational effectiveness and implementation of Board policies and decisions.

Generally, the Executive Directors are responsible for developing, coordinating and implementing business and corporate policies and strategies for the Group. They are accountable to the Board for the profitability, operations and development of the Group, consistent with the primary objective of protecting and enhancing long term stakeholders' value and the financial performance of the Group whilst taking into account the interests of other stakeholders.

The Non-Executive Directors who possess the experience and business acumen contribute effectively to the Board's deliberation and decision making process. The Independent Directors are independent of management and are free from any business or other relationships that could materially interfere with the exercise of independent judgment. They provide independent and balanced assessment and unbiased views and advice to the Board's deliberation and decision-making process, so as to safeguard the interests of the Group and its stakeholders whilst ensuring high standards of conduct and integrity are maintained.

### **3.4 Composition of the Board**

The Board acknowledges the importance of age, nationality, professional background and gender diversity and recognises the benefits that such diversity can bring. The Company is led and managed by a well-balanced Board which consists of members with wide range of business, financial, legal experience and industry specific knowledge which is vital for the successful direction of the Group.

The Board is made up of six (6) members as follows:

- Four (4) Independent Non-Executive Directors
- Two (2) Executive Directors

The Board composition provides an effective check and balance in the functioning of the Board, and is in compliance with Listing Requirements of Bursa Malaysia which require one-third (1/3) of the Board to be independent directors.

A brief profile of each Director is presented on pages      to      of this Annual Report.

## **4. FOSTER COMMITMENT**

### **4.1 Time Commitment**

The Board meets at least four (4) times a year, with additional meetings for particular matters convened as and when necessary. Meetings were scheduled at the start of the year to enable Board members to plan their appointment schedule. During the financial year, the Board met four (4) times and all Directors have complied with the requirement in respect of board meeting attendance as provided in the Listing Requirements of Bursa Malaysia. At these meetings, all members of the Board are encouraged to conduct full deliberation on issues

brought up. Senior management and external advisors are invited to attend the Board meetings to brief and advice on relevant agenda items to enable the Board to arrive at a considered decision. At these meetings, the Company Secretary are responsible for ensuring that all relevant procedures are complied with and that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of CME.

The details of the attendance of each Director at Board Meetings held during the financial year are set out below.

| <u>Name</u>  | <u>Meetings Attended</u> |
|--|--------------------------|
| Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin                                   | 4/4                      |
| En. Azlan Omry Bin Omar  | 4/4                      |
| Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj | 4/4                      |
| Y. Bhg. Dato' Khairi Bin Mohamad   | 4/4                      |
| Miss Ong Suan Pin  | 4/4                      |
| YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah                               | 3/4                      |

#### **4.2 Directors' Training**

The Company is cognizant of the importance of continuous training for Directors to further enhance their knowledge and expertise and to keep abreast with latest developments in regulatory requirements and business practices.

All Directors have attended the Mandatory Accreditation Programme prescribed by the Listing Requirements of Bursa Malaysia. During the financial year, Directors have attended various accredited training programmes/courses and seminars to further broaden their skills, knowledge and perspectives to keep them abreast with new and relevant developments pertaining to changes in legislation, regulations and the market place.

The Board encourages its Directors to attend talks, seminars, workshops and conferences to update and enhance their skills and knowledge to enable them to carry out their roles effectively as Directors in discharging their responsibilities towards corporate governance, operational and regulatory issues.

During the financial year under review, the Director attended the following training programme:

| <u>Name</u>             | <u>Programme</u>   |
|-------------------------|--|
| En. Azlan Omry Bin Omar | Sales & Service Tax – Principles, Concepts & Compliance<br>Companies of the Future – The Role for Boards<br>Revisiting the Misconception of Board Remuneration |

## **5. UPHOLD INTEGRITY IN FINANCIAL REPORTING**

### **5.1 Compliance with applicable financial reporting standards**

#### **5.1.1 Financial Reporting**

The Board is responsible for ensuring that financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates to present a true and fair assessment of the Company’s position and prospects. The annual audited financial statements and quarterly announcement of results were reviewed by Audit Committee and approved by the Board prior to release to Bursa Malaysia.

#### **5.2 Assessment of suitability and independence of External Auditors**

The Company’s external auditors continue to report to the Company on their findings which are reported in the Company’s financial reports with respect to each year of audit on the statutory financial statements. The Audit Committee and the Board have established formal and transparent arrangements to maintain appropriate relationships with the Company’s external auditors from whom professional advice on financial reporting is sought.

The Board has established a formal and transparent relationship with the auditors. The Audit Committee recommends the appointment of the external auditors. The appointment of the external auditors is subject to the approval of shareholders in general meetings whilst their remuneration is determined by the Board. From time to time, the auditors highlight to the Audit Committee and the Board on matters that require the Board’s attention and the Audit Committee Members meet with the External Auditors at least twice a year without the presence of the Executive Director and Management.

For the financial year under review, the External Auditors confirmed that they are and have been independent throughout the audit engagement.

## **6. RECOGNISE AND MANAGE RISK**

The Board is responsible for the Group’s system of internal control and risk management and for reviewing its adequacy and integrity. While acknowledging their responsibility for the system of internal control, the Board is aware that the Group’s system is designed to manage rather than eliminate risks and therefore cannot provide absolute assurance against material misstatements, fraud and loss.

The Statement on Risk Management and Internal Control set out on pages   and   of this Annual Report provides an overview of the state of risk management and internal controls of the Group and of the Company.

## **7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE**

### **7.1 Corporate Disclosure Policies**

The Board has in place a Corporate Disclosure Policy in line with the Main Market Listing Requirements of Bursa Securities to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and investors.

The Board has delegated the authority to the Executive Director to approve all announcements for release to Bursa Securities. The Executive Director work closely with the Board, Key Management and Company Secretary who are privy to the information to maintain strict confidentiality of the information.

Apart from the provisions relating to the ‘closed period’ for dealing in the company’s shares, the directors and key management privy to price sensitive information are prohibited from dealing in the shares of the company until such information is publicly available.

## **7.2 Leverage on Information Technology for Effective Dissemination of Information**

Shareholders and investors can obtain pertinent information on the Group’s various activities by accessing its website at [www.cme.com.my](http://www.cme.com.my) or through the Bursa Malaysia website at [www.bursamalaysia.com](http://www.bursamalaysia.com). CME website has a dedicated online investor relation portal providing information about the Group including financials, Annual Report, announcements and media releases.

## **8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS**

The Board recognises the important of establishing a direct line of communication with shareholders and investors through timely dissemination of information on the Group’s performance and major development via appropriate channels of communication.

Platforms for dissemination of information include the AGM and Extraordinary General meetings (“EGM”), if any, distribution of Annual Reports and relevant circulars and prospectuses. Information on the financial performance of the Group is communicated to the public via the announcement of its financial results to Bursa Securities on a quarterly basis.

The AGM is the principal forum for dialogue and interaction among shareholders, the Board and Management. At each AGM, the Board encourages shareholders to participate in the proceedings and ask questions about the resolutions being proposed and corporate developments as well as receiving constructive feedback from shareholders. Shareholders who are unable to attend are allowed to appoint proxy/proxies to attend and vote on their behalf.

The Chairman will ensure that the Shareholders are informed of their rights to demand for poll voting at the commencement of each general meeting.

This statement was approved by the Board of Directors on **xx.xx.2019**.

## ADDITIONAL COMPLIANCE INFORMATION

The following information provided is in respect of the FYE 30 June 2019.

### 1. Utilisation of Proceeds

The Company issued 44,110,000 ordinary shares at an issue price of RM0.05 per ordinary share under the Private Placement exercise which was completed on 19 June 2017. As at 30 June 2018, all the proceeds raised have been fully utilised. Details of the utilisation are as follow:

| Proposed utilisation of proceeds                                 | Proceeds raised (RM'000) | Actual utilisation as at 30/06/2018 (RM'000) | Variation <sup>(1)</sup> (RM'000) | Time frame for utilisation |
|--|--------------------------|--|-----------------------------------|----------------------------|
| Working capital  | 1,126                    | 1,124  | (2)                               | Within 12 months           |
| Repayment of bank borrowings                                     | 1,000                    | 1,000  | -                                 | Within 6 months            |
| Estimated expenses in relation to the Proposed Private Placement | 80                       | 82 <sup>(1)</sup>                            | 2                                 | Within 2 weeks             |
|  | 2,206                    | 2,206  | -                                 |                            |

Note:

1. The actual expenses for the corporate exercise in relation to the Private Placement was higher than the estimated expenses for the said exercise, hence the amount has been adjusted from the working capital of the Group.

The Company had on 14 May 2018 issued 99,026,435 Rights Shares at an issue price of RM0.085 per Rights Shares together with 123,783,023 Warrants under the Rights Issue of Shares with Warrants exercise which was completed on 14 May 2018. As at 30 June 2018, the proceeds from the issuance are expected to be utilised in the following manner:-

| Proposed utilisation of proceeds   | Proceeds raised (RM'000) | Actual utilisation as at 30/06/2018 (RM'000) | Time frame for utilisation |
|--|--------------------------|--|----------------------------|
| Repayment of borrowings  | 4,300                    | 4,300  | Within 24 months           |
| Working Capital  | 3,507                    | 1,241  | Within 24 months           |
| Estimated expenses in relation to the Rights Issue of Shares with Warrants | 610                      | 610  | Within 6 weeks             |
|  | 8,417                    | 6,151  |                            |

**2. Audit and Non-Audit Fees**

During the financial year, the amounts of audit and non-audit fees paid and payable by the Company and the Group to the External Auditors are as follows:

|                | <b>Company<br/>(RM'000)</b> | <b>Group<br/>(RM'000)</b> |
|----------------|-----------------------------|---------------------------|
| Audit Fees     | 36                          | 147                       |
| Non-Audit Fees | -                           | -                         |

**3. Material Contracts**

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest.

**4. Recurrent related party transactions of a revenue or trading nature**

There were no recurrent transactions with related parties undertaken by the Group during the financial year under review.