

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0157
COMPANY NAME : FOCUS POINT HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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 is accountable and responsible for leading and controlling the Group towards realizing long term shareholders' value, overseeing the performance and affairs of the Group and is committed to strive towards the highest standards of corporate governance of the Group and also to optimise long-term financial returns and the enhancement of shareholders' value. The Board shall strive to ensure that the Group are managed to achieve this result. This is an active, not a passive, responsibility. The Board must ensure that in good times, as well as difficult ones, management is capable of executing its responsibilities.</p> <p>The Board is supported by the following Board Committees and has delegated specific responsibilities to the respective Committees as defined in the terms of reference of the respective Committees, approved by the Board:-</p> <ul style="list-style-type: none">i) Audit Committeeii) Nomination Committeeiii) Remuneration Committee <p>The Board adopted a Board Charter which sets out the authority, role, responsibilities, membership and operation of the Board.</p> <p>The Board has the overall responsibilities for corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Group.</p> <p>Risk Management and Internal Control Framework were in place during the year. The said framework encompasses Board and Senior Management's oversight in risk management and internal control of the Group; and to ensure business objectives and strategies are in line with the risk and internal control environment of the Group.</p>

	<p>The Board will ensure senior management has the necessary skills and experience. Nomination Committee, in assisting the Board as a whole, had carried out annual assessment on Board Committees, Board and Individual Director. Meetings were held during the year to deliberate their respective performance.</p> <p>Management’s proposal which required Board’s approval was tabled at Board meeting for discussion and adoption prior to implementation. Relevant board papers were circulated to the Board prior to the Board meeting.</p> <p>Quarterly financial reports were tabled to the Audit Committee and the Board for approval quarterly. Adequate presentation and explanation were furnished to the Board prior to its approval.</p> <p>Enterprise risk scorecards for the three major divisions, i.e. optical retail, optical franchise and food & beverage were tabled to the Audit Committee and the Board for deliberation on a 6-monthly basis.</p> <p>The Board Charter and the respective committees’ terms of reference are available for reference at the Company’s website at www.focus-point.com.</p>
<p>Explanation for departure</p>	<p>:</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>:</p>
<p>Timeframe</p>	<p>:</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 Board is led by the Independent and Non-Executive Chairman, Mr Leow Ming Fong @ Leow Min Fong. He is primarily responsible for the orderly conduct and function of the Board and providing a balance to the influence of the President/Chief Executive Officer of the Company.</p> <p>The roles and responsibilities of the Chairman are clearly specified in the Board Charter. They include, but not limited to the following:-</p> <ul style="list-style-type: none"> - Lead the Board in setting its values and ethical standards of the Company and monitor the workings of the Board. - Provides leadership to the Board and is responsible for the developmental needs of the Board. - Ensures appropriate procedures and controls are in place to govern the Board's operation. - Leads the Board in establishing and monitoring good corporate governance practices in the Company. - Ensures decision made by the Board is sound, reasonable, and to the best interest of minority shareholders. - Chairs meetings of the Board and stimulating debates on issues and encouraging positive contribution from each Board Member. - Maintain a relationship of trust with and between the Executive and Non-Executive Directors. - Ensure effective communication with shareholders and relevant stakeholders. - The Chairman shall act as liaison between the Board and the Management, and in particular between the Board and the Chief Executive Officer. - Ensure all Directors are properly briefed on issues arising at Board meeting and there is sufficient time allowed for discussion on complex or contentious issues and where appropriate.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles of the Chairman and the Chief Executive Officer, are held by two different individuals to ensure that there is a balance of power and authority.</p> <p>The Chairman of the Board, Mr Leow Ming Fong @ Leow Min Fong is primarily responsible for the orderly conduct and function of the Board and providing a balance to the influence of the President/Chief Executive Officer of the Company.</p> <p>The President/Chief Executive Officer, Dato' Liaw Choon Liang is responsible for the day-to-day running of the Group's business, implementation of the Board's policies and making operational decisions. He is assisted in managing of the Group's business by the Management.</p> <p>Their respective roles and responsibilities are governed under the Company's Board Charter. The Board Charter is available at the Company's website www.focus-point.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	:	<p>The Company Secretaries, Ms Wong Wai Foong and Ms Wong Peir Chyun are qualified Chartered Secretaries and members of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). They are also secretaries for all Board Committees.</p> <p>The Company Secretaries of the Company carried out, among others, the following tasks:-</p> <ul style="list-style-type: none">i) advised the board on its role and responsibilities, corporate disclosures and compliance with company and securities regulations and listing requirements.ii) attended Board and Board Committee meetings and ensure the Board meeting are properly convened and proceedings are properly recorded.iii) managed processes pertaining to the annual shareholder meeting.iv) maintained statutory record that includes minutes of Board and Board Committees.v) monitored corporate governance developments and facilitated the Board in applying governance practices to meet the board's needs and stakeholders' expectations.vi) facilitated the provision of information as may be requested by the Directors from time to time.vii) serve as a focal point for stakeholders' communication and engagement on corporate governance issues. <p>The Company Secretaries keep themselves abreast with the many developments around listing and related statutory obligations and corporate governance practices by undertaking continuous professional development.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>There is timely circulation of proper notice of meetings together with the agenda and meeting materials to allow reasonable time for Directors to view Board papers and be prepared for the meetings.</p> <p>Minutes of Directors' meeting are distributed to all Directors on a timely basis for review and comment, and thereafter for confirmation at next board meeting. The signed board minutes are entered in minutes books kept by the company secretaries.</p> <p>To facilitate the respective Directors' schedule planning, meeting calendar is prepared and circulated to the Board in advance of every new year. The meeting calendar comprises scheduled dates for Board and Board Committees meetings, closed period reminders as well as targeted dates for the announcements of the Company's quarterly results. Management will ensure that appropriate actions had been taken to resolved the follow up items and update the Board and Board Committees in the respective meetings accordingly.</p> <p>Upon the conclusion of the respective Board and Board Committees' meetings, the Company Secretaries would document the deliberations and decisions made at the meetings into the minutes including matters where Directors abstained from voting or deliberation.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Board charter clearly identifies the respective roles and responsibilities of the Board as well as individual director including Chairman/President/Chief Executive Officer/Non-Executive Directors/Independent Non-Executive Directors/Senior Independent Non-Executive Director. It also clearly identifies the following matters:-</p> <ul style="list-style-type: none"> i) Guidelines for Board membership ii) Board Process and Supply of Information iii) Board Committees iv) Management of Risks v) General Meetings vi) Investor Relation and Effective Communication vii) Relationship with other Stakeholders viii) Application of the Charter <p>The Board regularly reviews this charter, where necessary, to ensure they remain consistent with the Board's objectives as well as responsibilities, and relevant standards of corporate governance. The Board Charter is published on the Company's website at www.focus-point.com.</p> <p>The Board Charter was reviewed by the Board on 10 April 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 3.1

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 Company's Code of Conduct and Ethics for Directors and Senior Management include the following principles:-</p> <ul style="list-style-type: none">- Corporate Governance- Relationship with Shareholders, Employees, Creditors and Customers- Social Responsibilities and the Environment- Disclosures and Reporting- Compliance with Laws, Rules and Regulations- Insider Trading- Maintaining Confidentiality <p>A copy of the Code of Conduct and Ethics is published on the Company's website at www.focus-point.com.</p> <p>The Board reviewed the Code of Conduct and Ethics for Directors and Senior Management on 10 April 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established and adopted a Whistleblowing Policy to provide an avenue for raising concerns relating to possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, in an appropriate manner and without fear of retaliation.</p> <p>The Whistleblowing Committee which comprises the Audit Committee Chairman, an Independent Non-Executive Director and Chief Executive Officer was established to oversee the implementation of the whistleblowing policy and its related matter.</p> <p>The Policy is published on the Company's website at www.focus-point.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board comprises six (6) Directors out of which two (2) are Independent Directors (“IDs”). This is in compliance with the LR i.e. 1/3 of the Board are IDs. Hence, the Board feels that the number of IDs is sufficient at the moment. Also as a matter of cost reason, the Company has decided to maintain the existing Board structure.	
		The IDs are professionals and have been very vocal as well as impartial. The Chairman of the Board is an Independent Non-Executive Director henceforth he has been playing an important role thus far to balance the independence and objectivity of the Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	: Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	<p>The Company will be seeking shareholders' approval to retain the Chairman, Mr Leow Ming Fong @ Leow Min Fong ("Mr Leow") as an Independent Non-Executive Chairman.</p> <p>Mr Leow will has served the Board as an Independent Director for a cumulative term of eleven (11) years on 31 March 2021. Mr Leow, an ex-partner of KPMG, has extensive experience in financial reporting and has also been playing effective advisory role to the Board as far as broad objectives and strategies of the Group are concerned.</p> <p>The Board had via the Nomination Committee conducted an annual performance evaluation and independence assessment of Mr Leow, and has determined and that Mr Leow met the independence criteria as set out in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and he remains objective and independent. The Board resolved to seek shareholders' approval for Mr Leow to continue serving as an Independent Non-Executive Chairman of the Company based on the following justification:-</p> <p>a. He fulfills the criteria under the definition of "Independent Director" as stated in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, thus, he would be able to function as a check and balance, as well as bring an element of objectivity to the Board;</p> <p>b. His tenure with the Company has neither impaired nor compromise his independent judgement and ability to act in the best interest of the Company. He continues to remain objective and are able to exercise his independence judgement in expressing his view and participating in deliberations and decision making of the Board and Board Committee in the best interest of the Company;</p>

	<p>c. He has vast experience in a diverse range of business and has good understanding of the Company's business operations;</p> <p>d. He continues to exercise due care during his tenure as an Independent Non-Executive Chairman of the Company and carried out his professional duties in the interest of the Company and shareholders;</p> <p>e. He has devoted sufficient time and commitment to discharge his responsibility and professional obligations as an Independent Non-Executive Chairman; and</p> <p>f. He does not have any business dealings with the Group.</p>
<p>Explanation for departure</p>	<p>:</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>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, assisted by the Nomination Committee (“NC”), considers the following aspects and processes for Board nomination and election.</p> <ul style="list-style-type: none"> i) Identification of candidate ii) Evaluation of suitability of candidate iii) Meeting up with candidate iv) Final deliberation by NC; and v) Recommendation to the Board. <p>In making its recommendations, the NC will consider the following requirements of the candidates:-</p> <ul style="list-style-type: none"> i) Skills knowledge, expertise and experience ii) Age and gender iii) Professionalism iv) Integrity v) In the case of candidates for the position of Independent Non-Executive Director, the Committee should also evaluate the candidate’s ability to discharge such responsibilities/functions as expected from independent Non-Executive Directors; and vi) Time commitment <p>Upon identifying the appropriate candidate to be appointed as Director or Board Member, the Nomination Committee will make their recommendations to the Board for approval.</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 4.5

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	:	Applied
Explanation on application of the practice	:	<p>The Company has already developed and adopted Board diversity policy on 22 August 2017, a copy of which is available on the Company's website at www.focus-point.com.</p> <p>The Board currently has six (6) members out of which two (2) are women Directors which make up 33.33% of the Board.</p> <p>The Group also applied the gender diversity at the Senior Management level. 9 out of 16 of the senior management are females which make up 56.25% of female representation.</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 4.6

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 Board is open to various sources to identify suitable candidates for the Boardroom and senior management team and does not rely solely on the recommendations from the existing Board members, management or major shareholders.</p> <p>Upon the Nomination Committee reviewed the profile and qualification of the candidate(s) for new directorship and the candidate(s) would be interviewed by the Nomination Committee Chairman, who takes the lead to assess the suitability and ability to discharge the duties and responsibilities as a Director before recommending the new appointment to the Board for approval.</p> <p>During the year, Perbadanan Nasional Berhad, the substantial shareholder of the Company had nominated Datuk Md Zubir Ansori Bin Yahaya as a Non-Independent Non-Executive Director in place of the resigned Director, Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin.</p> <p>The Nomination Committee deliberated the proposal to appoint Datuk Md Zubir Ansori Bin Yahaya as a Non-Independent Non-Executive Director and the Nomination Committees' recommendation were subsequently approved by the Board on 24 July 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nomination Committee is chaired by a Senior Independent Director, Mr Leow Ming Fong @ Leow Min Fong. He is also the Chairman of the Company.</p> <p>The Chairman of the Nomination Committee leads the annual review of Board effectiveness to ensure that the performance of each individual director is independently assessed.</p> <p>The responsibilities of the Senior Independent Director are set out in the Board Charter, which is available on the Company's website at www.focus-point.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

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee has been performing annual assessment on individual director, the Board as a whole and all Board Committees, through self-assessment and peer review assessment.</p> <p>The evaluation documents were endorsed by the Nomination Committee and approved by the Board before it was distributed to the respective Board members for further input. The Directors have completed the evaluation documents cover the assessment of the Board and Board Committees' performance, assessment of individual Directors (self and peer evaluation) and assessment of the independence of independent Directors. The Directors have also provided their comments and recommendation on the Board's improvements. The Nomination Committee would review the summary, assess and make recommendations to the Board.</p> <p>The Board members know each other well to give an effective and honest assessment. The assessment result thus far has been objective and reasonable.</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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Currently the role is managed by the Remuneration Committee by benchmarking the contribution of each director to the Group.	
		As a reference, the Remuneration Committee will also review the financial performance of the Group, which is closely related to the performance of the executive directors in particular, when determining their remuneration.	
<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 established Remuneration Committee to review and recommend matters relating to the remuneration of Board and Senior Management. The Remuneration Committee comprises exclusively of the Non-Executive Directors as follows:-</p> <ul style="list-style-type: none">i) Datin Sim Swee Yoke – Chairman/Independent Non-Executive Directorii) Leow Ming Fong @ Leow Min Fong – Member/Independent Non-Executive Chairmaniii) Datuk Md Zubir Ansori Bin Yahaya – Member/ Non-Independent Non-Executive Director <p>The RC support the board in actively overseeing the design and operation of the company's remuneration system as well as review and recommend to the Board on the total individual remuneration package for executive directors and senior management personnel.</p> <p>The RC also ensure the remuneration of Non-Executive Directors remain appropriate to reflect the level of experience, commitment and responsibilities undertaken by the respective Directors.</p> <p>The respective directors shall play no part in decisions on their own remuneration. The Directors who are shareholders should abstain from voting at general meetings to approve their fees.</p> <p>The Remuneration Committee's roles and functions are governed under its Terms of Reference ("TOR"). The TOR of the Remuneration Committee is reviewed and updated as and when necessary. A copy of the TOR of the Remuneration Committee is available on the Company's website and it was reviewed on 26 February 2019.</p>

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

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	Detailed disclosure on named basis for the remuneration of individual director is set out at page 42 of the Company's Annual Report. The remuneration breakdown of individual director 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	:	The Board feels that by disclosing such details would perturb internal salary equity and may also attract unnecessary head-hunting activities from competitors which will ultimately have an impact on the Group's operations.	
		Employee benefits of the Group and the Company has been disclosed in totality on page 128 of the Company's Annual Report.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	<p>The Chairman of the Audit Committee, Datin Sim Swee Yoke, is not the Chairman of the Board, so as not to impair the objective of the Board's view of the Audit Committees' findings and recommendations.</p> <p>Details of the composition and activities of the Audit Committee are set out in the Audit Committee Report at pages 46 and 47 of the Company's 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

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>As of to-date, none of the Audit Committee members is a former key audit partner of the Company’s external auditor.</p> <p>The policy on observation of a cooling-off period of at least 2 years for a former key audit partner prior to the appointment as a member of Audit Committee, was incorporated in the Terms of Reference of Audit Committee as the Audit Committee recognise the importance to uphold independence.</p> <p>A copy of the Terms of Reference of Audit Committee is available on the Company’s 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 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 Committee assessed the suitability and independence of the external auditors through a series of procedures annually and is based on the following criteria:-</p> <ul style="list-style-type: none">i) Staff Strengthii) Manpoweriii) Expertiseiv) Cost Effectiveness <p>During financial year 2019, the AC met with the External Auditors once without the presence of the Management to discuss their audit findings in relation to the Group's financial statements and any other observations they might have during the audit process.</p> <p>The Audit Committee would obtain the assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The AC was satisfied with External Auditors' technical expertise, independence, competency and reasonable fee. For the financial year 2019, there is no non-audit service rendered by the External Auditor. As such, the Audit Committee ensures that the independence and objectivity of the External Auditors are not compromised.</p> <p>Based on the outcome of the annual assessment of External Auditors, the Board had on 10 April 2019 through the Audit Committee assessed the suitability and independence of the External Auditor and recommended the re-appointment of External Auditors for the financial year 2019 to the shareholders for approval at the 10th Annual General Meeting held on 23 May 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee comprises members from various background and expertise and their profile of which is disclosed in the Directors' profile on pages 13 to 15 of the Company's Annual Report.</p> <p>The Audit Committee is financially literate and has attended relevant professional development courses to keep themselves updated with new developments in accounting and auditing standards, practices and rules.</p> <p>Details of the training programmes attended by each member of the Audit Committee were set out on pages 33 to 34 of the Company's 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 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The risk management and internal control framework are in place. Risk Management Committee (“RMC”) which comprises key management has been set up to oversee and ensure the effective implementation of the Enterprise Wide Risk Management Framework.</p> <p>A structured process has been established to identify and assess risks. Chief Financial Officer, as risk facilitator, together with RMC are responsible for managing risks and implementing applicable action plans to mitigate risk. RMC meets once in every 6 months to deliberate on the findings and recommendations of risk assessments. A structured framework has also been in place to assess the effectiveness of internal control of the Group.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 Statement of Risk Management and Internal Control (“SORMIC”) is disclosed on pages 49 to 51 of the Company’s Annual Report.</p> <p>Key features of the framework, as well as a discussion of the key risk areas faced by the Group and their action plans are covered in the SORMIC.</p> <p>Attestation has been made by the Chief Executive Officer and Chief Financial Officer with regards to the adequacy and effectiveness of internal control of the Group.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's internal audit function is outsourced to a professional external party, NGL Tricor Governance Sdn Bhd ("NGL Tricor") to assist the Audit Committee in the discharge of its duties and responsibilities. The role of the outsourced internal audit function is to provide independent and objective reports on the organisation's management, records, accounting policies and internal control to the Audit Committee. The outsourced internal auditors report directly to the Audit Committee on a quarterly basis during the Audit Committee meeting.</p> <p>Internal audits include evaluation of processes where significant risks are identified, assessed and managed. Such audits also ensure that instituted controls are appropriate, effectively applied and achieve acceptable risk exposures consistent with the Company's risk management and internal control framework. The outsourced internal auditors would advise the Management on areas for improvement and would subsequently carry out follow-up review on the status to which its recommendations have been implemented. The internal audit reports which contained the relevant audit finding and recommendations are submitted to the Audit Committee for deliberation. The Audit Committee meets with the internal auditors at least four times a year to review the internal audit function and to assure itself on the soundness of internal control system</p> <p>The Audit Committee would review on the adequacy of the scope, functions, competency and resources of the outsourced internal audit functions. The Audit Committee also review the internal audit plan of the Group with clear scope of audit and request the outsourced internal auditors to carry out audits based on the audit plan.</p> <p>The Company has policy and the assessment checklist for evaluating the outsourced Internal Auditors. The assessment of the Company's Internal Auditors was carried out by the Audit Committee on 28 August 2019.</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>NGL Tricor Governance Sdn Bhd (“NGL Tricor”) and its assigned personnel is free from any relationships or conflict of interest or undue influence of others to override professional and business judgment, which could impair its objectivity and independence. The independence of the internal audit function is derived from its direct reporting and unencumbered access to the Audit Committee.</p> <p>NGL Tricor is headed by its director, Mr. Chang Ming Chew, who is a Certified Internal Auditor and a Professional member of the Institute of Internal Auditors Malaysia and the Association of Chartered Certified Accountants (UK).</p> <p>All internal audit personnel assigned by Tricor NGL to perform internal audit assignments for the Company are required to make a written declaration that they do not have any relationships or conflict of interest with the Company, which could impair their independence and objectivity. Based on these written declarations, nothing has come to the Company attention to indicate that the internal audit personnel assigned by Tricor NGL had any relationships or conflicts of interest with the Company, which could impair their independence and objectivity for those internal audit assignments performed during the financial year ended 31 December 2019.</p> <p>Typically, NGL Tricor will assign 4 personnel to conduct the internal audit fieldwork.</p> <p>The Outsourced IA performed its work in accordance with a recognised framework.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board ensures the Company announces its quarterly results and other necessary announcements on a timely basis to the shareholders. This is important in ensuring equal and fair access to information is provided to the public investors, so that the investors are able to make informed decisions.</p> <p>The Board also ensures stakeholders are given the opportunity to speak and seek clarification during the Company's Annual General Meeting for effective and transparent communication with its stakeholders.</p> <p>Investor relations activities such as meetings with substantial shareholder and potential shareholder are attended by the Chief Executive Officer and Chief Financial Officer. The Company also has a website at www.focus-point.com as an avenue for dissemination of corporate and financial disclosures. The shareholders and investors are encouraged to access the Company's corporate website to obtain the latest information, announcements and other corporate disclosures of the Company from time to time.</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 in the MCGG 2017.	
<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	:	<p>The Company dispatched the Notice of 10th Annual General Meeting together with a copy of the Annual Report to the shareholders on 24 April 2019, i.e. 28 days before the Annual General Meeting held on 23 May 2019, and it complied with the 21 days' notice requirement under the Companies Act 2016. This would allow the shareholders to make the necessary arrangements to attend the Annual General Meeting in person or through corporate representatives, proxies or attorneys.</p> <p>The notice of 10th Annual General Meeting included the resolutions to be tabled during the said meeting and is accompanied with explanatory notes and background information where applicable, to shed clarity on the matters that will be decided at the Annual General Meeting to allow the shareholders to make informed decisions in exercising their voting rights.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	All Directors attend the Company's General Meetings. The Chairman of the Audit, Nomination and Remuneration Committees are present on stage to provide response if there are any questions addressed to them.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's 10th Annual General Meeting was held in Tropicana Golf & Country Resort, Petaling Jaya which is accessible by public and not in remote location. The said hotel has ample parking space.</p> <p>All the resolutions set out in the Notice of the 10th Annual General Meeting were put to vote by poll. The Company does not have large number of shareholders i.e. the number of shareholders of the Company as at 14 May 2019 was only 657 shareholders. The number of holders is not large to warrant the use of the technology to facilitate remote shareholders' participation at Annual General Meeting or voting in absentia. Further, the Company's Annual General Meetings have always been held in the Klang Valley which is easily accessible by the most of the shareholders.</p> <p>Shareholders of the Company are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his stead at a general meeting.</p> <p>The Company's Constitution however, allow the Company to leverage on technology to enhance the communication with shareholders such as issuing and transmitting documents to the shareholders using technology means. The Company will consider using technology to facilitate remote shareholders' participation at AGM when the need arise.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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