

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0211
COMPANY NAME : TASHIN 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 PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The Board of Directors ("Board") comprises ten (10) members with wide and varied background and experiences in different fields and industries. • The roles and responsibilities of the Board are clearly set out in the Board Charter and disclosed in the Corporate Governance Overview Statement in the Annual Report 2019. • The Board takes full responsibilities for the overall performance of the Company and its subsidiaries ("the Group"). The duty and responsibilities of the Board include determining the Group's overall business plan, performing periodic reviews of the business and financial performance and adopting and implementing risk management and internal control system within the Group. • The Board has delegated specific responsibilities to the following Board Committees:- <ol style="list-style-type: none"> I. Audit Committee; II. Nomination Committee; III. Remuneration Committee; and IV. Risk Management Committee. • The terms of reference of the various Board Committees as approved by the Board are available on the Company's corporate website at www.tashin.com.my.
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 1.2

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	:	<ul style="list-style-type: none"> • Dato' Kalsom binti Abd. Rahman is an Independent Non-Executive Chairperson of the Company who is responsible for the overall leadership and efficient operation of the Board. • The key roles of the Chairperson as set out in the Board Charter include amongst others, the following:- <ul style="list-style-type: none"> - Leading the Board in setting the values and standards of the Company and the Group; - Ensuring the provision of accurate, timely and clear information to the Directors; - Ensuring the integrity and effectiveness of the governance process of the Board; - Arranging regular evaluation of the performance of the Board, its Committees and individual Director; - Facilitating the effective contributions of the Directors; and - Performing other responsibilities assigned by the Board from time to time. • The Chairperson, in consultation with the Managing Director and the Company Secretaries sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The positions of the Chairperson and the Managing Director of the Company are held by two (2) different individuals. • The Chairperson of the Company, Dato' Kalsom binti Abd. Rahman and the Managing Director of the Company, Mr. Lim Choon Teik, both holding separate position and their respective roles and responsibilities are governed in the Board Charter. • The roles and responsibilities of the Chairperson and the Managing Director are made clearly distinct to ensure the balance of power and authority between the Chairperson and the Managing Director. • The Managing Director oversees the day-to-day management and running of the Group's businesses and the implementation of the Board's decisions and policies.
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 1.4

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	:	<ul style="list-style-type: none"> • The Group engages Securities Services (Holdings) Sdn. Bhd., an external consultant in carrying out the responsibilities of the corporate secretarial matters and provides support to the Board and keep the Board's abreast of changes to Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities") ACE Market Listing Requirements ("AMLR") and statutory requirements. • The duties of the Company Secretaries are disclosed in the Corporate Governance Overview Statement in the Annual Report 2019. • Both the Company Secretaries, Ms. Chua Siew Chuan and Ms. Chin Mun Yee, have the requisite credentials and qualified to act as the Company Secretaries pursuant to Section 235(2) of the Companies Act 2016. • The Board is satisfied with the performance of the Company Secretaries in providing sound governance advice, ensure adherence to rules and procedures, and advocate of corporate governance best practices.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors are furnished with a comprehensive Board meeting agenda, minutes of meeting and relevant information materials and documents at least five (5) days in advance at each Board meeting. Documents are sent earlier through email before despatch of the hardcopy of the meeting materials to allow the Board members to have sufficient time to review and to request for any further information or clarification prior to the Board meeting.</p> <p>Upon conclusion of the Board meeting, the draft minutes is circulated to the Board for comments and to ensure that the minutes of meeting is accurately reflected the deliberations and decisions of the Board. Thereafter, the final minutes is confirmed and approved by the Board and signed by the Chairman of the succeeding meeting as a correct record of the proceedings.</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	:	<ul style="list-style-type: none"> • The Board Charter sets out the roles, duties and responsibilities of the Board, outlines the membership guidelines, procedures for Board meeting, Directors' remuneration, and investor relations and shareholders communication. • The Board Charter was adopted by the Board on 17 April 2018. • The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. Any subsequent amendment to the Board Charter can only be approved by the Board. • The Board Charter is available on the Company's corporate website at www.tashin.com.my.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The Code of Conduct and Ethics (“the Code”) of the Company was adopted on 22 April 2020 and applies to all the Directors of the Group during the conduct of businesses of the Group.• In addition, all Executive Directors of the Group are required to observe and comply with the Code of Conduct for workplace which is issued by the Human Resources department.• All Directors shall be accountable for full compliance of the Code. In the event of any violation of the Code, the Board shall take necessary actions to rectify on the non-compliance or violation.• The Code is available on the Company’s corporate website at www.tashin.com.my.
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	:	<ul style="list-style-type: none"> • The Whistleblowing Policy was established and approved by the Board on 20 February 2020 to uphold the Group’s effort and commitment in doing business with ethics of honesty and integrity, henceforth, providing a transparent and confidential process in handling the whistleblowing reports. • The Whistleblowing Policy aims to provide a structured mechanism for its employees, Directors and associates to report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group and to provide reassurance that they shall be protected from reprisals or victimisation for whistleblowing in good faith. • The Whistleblowing Policy is available on the Company’s corporate website at www.tashin.com.my.
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 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board presently comprises ten (10) Board members i.e. one (1) Executive Director, one (1) Managing Director, three (3) Non-Independent Non-Executive Directors and five (5) Independent Non-Executive Directors including the Independent Non-Executive Chairperson.	
Explanation for departure	:		
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years
Explanation on application of the practice	:	<ul style="list-style-type: none"> • In the event that the Director is to remain as an Independent Non-Executive Director after the ninth (9th) year, the Company shall first justify the Director's independency and obtain annual shareholders' approval. • In the event that the Company continues to retain the Independent Non-Executive Director after the twelfth (12th) year, the Company shall first justify the Director's independency and obtain annual shareholders' approval through a two-tier voting process. • The Nomination Committee is responsible to conduct a review to determine whether a Director can continue to be independent if the tenure of the Independent Non-Executive Director exceeds the cumulative term of nine (9) years. Thereafter, the Nomination Committee shall recommend to the Board for recommendation to the shareholders on the retention of the aforesaid Independent Non-Executive Director, if he/she so met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities AMLR.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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	:	<ul style="list-style-type: none"> • Appointment of the Board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. • The Nomination Committee which comprises exclusively of Independent Non-Executive Directors is responsible for making recommendation relating to any new appointment of Director to the Board and key senior management personnel. Any new nomination received by the Nomination Committee is to be assessed and reviewed by the Nomination Committee with appropriate selection criteria and processes and to identify candidates for directorships of the Company, members of the relevant Board Committees and key senior management personnel prior to recommendation to the Board for their assessment and approval. <p>The Nomination Committee assesses the suitability of the candidates by taking into consideration of the mixed of skills, knowledge, expertise and experience, competencies, time commitment and professionalism required by the Board.</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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<ul style="list-style-type: none"> • The Board acknowledges the importance of Boardroom diversity, including gender diversity, to the effective functioning of the Board. However, the Board does not have any Gender Diversity Policy and has not set the gender diversity target as of the reporting period of this report. • The recruitment and appointment of suitable female representation on the Board will be considered when vacancies arise or suitable candidates are identified in line with the Group's strategic objectives. • Currently, the Company comprises two (2) out of ten (10) female Directors, representing 20% of the total Boardroom. 	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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 Company does not solely rely on the recommendations from the existing Board members or Management in the process of appointing new Directors of the Company but to adopt an approach to utilise the independent sources throughout the recruitment process.</p> <p>A formal and transparent procedures are conducted by the Nomination Committee in assessing the candidate before he/she be recommended to the Board for assessment and approval.</p> <p>During the financial year under review, the Company did not appoint any new Director to the Board of the Company.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The Nomination Committee comprises exclusively Independent Non-Executive Directors and chaired by Mr. Sim Pwei Chun, the Senior Independent Non-Executive Director of the Company. • The terms of reference of the Nomination Committee is available on the Company’s corporate website at www.tashin.com.my. 	
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	:	<ul style="list-style-type: none"> • A formal evaluation process is in place to assess the effectiveness of the Board as a whole. The Board had through the Nomination Committee undertakes the following annual assessments once a year:- <ul style="list-style-type: none"> - The Board and Board Committee performance evaluation; - Self performance evaluation; - Audit Committee performance assessment questionnaires; and - Independence of the Independent Non-Executive Directors. • Results of the aforesaid evaluations are presented to the Nomination Committee and the Board. • Overall, the Board Committees, individual Director, individual Audit Committee member and the Board as a whole had performed fairly well and had discharged their duties with care and diligence. • The independency of the Independent Non-Executive Directors of the Company had been fulfilled in accordance with Bursa Malaysia Securities AMLR and would not impede their independency in carrying out their duties in the respective Board and Board Committees.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"> The Board had on 22 April 2020 adopted a Remuneration Policy setting out the criteria for determining the remuneration packages for the Directors and senior management, which takes into account the demands, complexities and performance of the Company as well as skills and experience required. This Remuneration Policy is to be reviewed by the Remuneration Committee on a periodic basis and any requirement for amendments to the aforesaid Policy shall be deliberated by the Remuneration Committee and thereafter, present the proposed revisions to the Board of Directors for approval. The Remuneration Policy is available on the Company's corporate website at www.tashin.com.my. 	
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	:	Choose an item.	

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	:	<ul style="list-style-type: none">• The Remuneration Committee comprises exclusively of three (3) Independent Non-Executive Directors.• The duties and responsibilities of the Remuneration Committee as stated in its terms of reference, includes but not limited to the followings:-<ul style="list-style-type: none">• To recommend a framework of remuneration for Directors, Managing Director and key senior management personnel for the Board's approval. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including Director's fees, salaries, allowances, bonuses, options and benefit-in-kinds.• To recommend specific remuneration packages for Executive Director and the Managing Director. The remuneration package should be structured such that it is competitive. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short-term performance to avoid incentives for excessive risk-taking. As for Non-Executive Directors and Independent Non-Executive Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board.• To ensure the establishment of a formal and transparent procedure for developing policies, strategies and

	<p>framework for the remuneration of Executive Directors, Management and staff.</p> <ul style="list-style-type: none"> The terms of reference of the Remuneration Committee is available on the Company's corporate website at www.tashin.com.my.
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	<p>The details of remuneration of Directors of the Company comprising remuneration received/receivable from the Company and its subsidiaries during the financial year ended 31 December 2019 are as follows:</p> <p>(a) Company</p> <table border="1"> <thead> <tr> <th>Name of Directors</th> <th>Fees RM'000</th> <th>Salaries RM'000</th> <th>Bonuses RM'000</th> <th>Benefits-in-kind, EPF and allowances RM'000</th> <th>Total RM'000</th> </tr> </thead> <tbody> <tr> <td colspan="6"><u>Non-Executive Directors</u></td> </tr> <tr> <td>Dato' Kalsom binti Abd. Rahman</td> <td>40</td> <td>-</td> <td>-</td> <td>1</td> <td>41</td> </tr> <tr> <td>Mr. Sim Puei Chun</td> <td>30</td> <td>-</td> <td>-</td> <td>1</td> <td>31</td> </tr> <tr> <td>Madam Khaw Chooi Kee</td> <td>33</td> <td>-</td> <td>-</td> <td>1</td> <td>34</td> </tr> <tr> <td>Encik Rusdy bin Ishak</td> <td>30</td> <td>-</td> <td>-</td> <td>1</td> <td>31</td> </tr> <tr> <td>Ir. Tan Tiong Ben</td> <td>30</td> <td>-</td> <td>-</td> <td>1</td> <td>31</td> </tr> <tr> <td>Dato' Toh Yew Peng</td> <td>30</td> <td>-</td> <td>-</td> <td>1</td> <td>31</td> </tr> <tr> <td>Mr. Toh Yew Seng</td> <td>30</td> <td>-</td> <td>-</td> <td>1</td> <td>31</td> </tr> </tbody> </table>					Name of Directors	Fees RM'000	Salaries RM'000	Bonuses RM'000	Benefits-in-kind, EPF and allowances RM'000	Total RM'000	<u>Non-Executive Directors</u>						Dato' Kalsom binti Abd. Rahman	40	-	-	1	41	Mr. Sim Puei Chun	30	-	-	1	31	Madam Khaw Chooi Kee	33	-	-	1	34	Encik Rusdy bin Ishak	30	-	-	1	31	Ir. Tan Tiong Ben	30	-	-	1	31	Dato' Toh Yew Peng	30	-	-	1	31	Mr. Toh Yew Seng	30	-	-	1	31
Name of Directors	Fees RM'000	Salaries RM'000	Bonuses RM'000	Benefits-in-kind, EPF and allowances RM'000	Total RM'000																																																						
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Dato' Toh Yew Peng	30	-	-	1	31																																																						
Mr. Toh Yew Seng	30	-	-	1	31																																																						

Mr. Koay Kah Ee	30	-	-	1	31
<u>Executive Directors</u>					
Mr. Lim Choon Teik	30	-	-	1	31
Mr. Foong Kok Chuin	30	-	-	1	31

(b) Group

Name of Directors	Fees RM'000	Salaries RM'000	Bonuses RM'000	Benefits-in-kind, EPF and allowances RM'000	Total RM'000
<u>Non-Executive Directors</u>					
Dato' Kalsom binti Abd. Rahman	40	-	-	1	41
Mr. Sim Puei Chun	30	-	-	1	31
Madam Khaw Chooi Kee	33	-	-	1	34
Encik Rusdy bin Ishak	30	-	-	1	31
Ir. Tan Tiong Ben	30	-	-	1	31
Dato' Toh Yew Peng	48	-	-	1	49
Mr. Toh Yew Seng	48	-	-	1	49
Mr. Koay Kah Ee	30	-	-	1	31
<u>Executive Directors</u>					

	Mr. Lim Choon Teik	54	378	60	54	546
	Mr. Foong Kok Chuin	30	368	106	71	575
Explanation for departure :						
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>						
Measure :						
Timeframe :						

Intended Outcome

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

Practice 7.2

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

Application	:	Departure						
Explanation on application of the practice	:							
Explanation for departure	:	<p>The Company had disclosed the top five (5) senior management's remuneration components in bands width of RM50,000.00 but not on named basis as the Board is of the view that the detail disclosures of individual remuneration information is sensitive and proprietary.</p> <p>For the financial year ended 31 December 2019, the Company has three (3) senior management and the senior management's remuneration components including salary, bonus, benefit-in-kind and other emoluments in bands of RM50,000.00 are shown below:</p> <table border="1" data-bbox="539 1196 1433 1388"> <thead> <tr> <th>Range of remuneration (RM)</th> <th>No. of senior management</th> </tr> </thead> <tbody> <tr> <td>350,001 - 400,000</td> <td>1</td> </tr> <tr> <td>400,001 - 450,000</td> <td>2</td> </tr> </tbody> </table> <p><i>Note:</i> Successive bands of RM50,000.00 are not shown entirely as they are not represented.</p>	Range of remuneration (RM)	No. of senior management	350,001 - 400,000	1	400,001 - 450,000	2
Range of remuneration (RM)	No. of senior management							
350,001 - 400,000	1							
400,001 - 450,000	2							
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>								
Measure	:							
Timeframe	:							

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit Committee, Madam Khaw Chooi Kee, is not the Chairperson of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"> • None of the Audit Committee members was a former key audit partner of the Company. • The terms of reference of the Audit Committee required a former key audit partner of the Company to observe a cooling-off period of at least two (2) years before being eligible to be appointed as a member of the Audit Committee. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The Audit Committee assessed the performance, competency and professionalism demonstrated by the external auditors during the financial year under review. • Based on the annual assessment conducted for the financial year ended 31 December 2019, the Audit Committee is satisfied with the performance and independence of the external auditors as well as the fulfilment of criteria based on several factors, including independence of the external auditors, quality of audit review procedures and adequacy of the firm's expertise and its resources to carry out the audit work that they are tasked with. • The Audit Committee obtained the assurance on independence from the external auditors as well as assessed and recommended the audit fees payable to the external auditors to the Board for approval. • The Audit Committee considered and assessed the independence and objectivity of the external auditors during the financial year under review and also prior to engaging the external auditors for non-audit related services.
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	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee of the Company comprise solely of the following Independent Non-Executive Directors:- (a) Madam Khaw Chooi Kee (Chairman); (b) Encik Rusdy bin Ishak; and (c) Ir. Tan Tiong Ben.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<ul style="list-style-type: none">• All members of the Audit Committee are financially literate and have the relevant accounting, finance and/or related financial experience and expertise to effectively discharge their duties.• All members of the Audit Committee had undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules save for Encik Rusdy bin Ishak who did not attend the training on the same during the financial year under review as the Company only listed on 1 August 2019 and this requirement only applicable to Audit Committee members of a public listed company coupled with his busy schedule.• The qualification and experience of the individual Audit Committee member are disclosed in the Directors' Profile segment in the Annual Report 2019. <p>The trainings and courses attended by the members of the Audit Committee are disclosed in the Annual Report 2019.</p>
<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

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	:	<ul style="list-style-type: none"> • The Group has in place an effective risk management and internal control framework to identify and assess the risks faced by the Group and also to implement and monitor control actions to manage and mitigate risks identified by the Risk Management Committee. • The Risk Management Committee assists the Board to continuously review the activities of the Group to identify key business and operational risks, implement policies and procedures to address such risks and present the Risk Management Reports to the Board for deliberation.
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	:	Detailed information on Risk Management and Internal Control framework can be obtained from the Statement of Risk Management and Internal Control segment in the Annual Report 2019.	
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	:	Adopted
Explanation on adoption of the practice	:	The Risk Management Committee of the Company comprise solely of the following Independent Non-Executive Directors:- (a) Encik Rusdy bin Ishak (Chairman); (b) Madam Khaw Chooi Kee; and (c) Ir. Tan Tiong Ben.

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	:	<ul style="list-style-type: none"> • The internal audit function is outsourced to Kloo Point Risk Management Services Sdn. Bhd., an independent professional service firm to conduct regular reviews in accordance with the internal audit plan or other ad-hoc assignments which are approved by the Audit Committee, and to assess on the adequacy, efficiency and effectiveness of the Group's internal control system. • The internal audit function reports directly to the Audit Committee and meet the Audit Committee on a half yearly basis to review the internal audit findings and to discuss on the corrective action plans in order to ensure that the control weaknesses highlighted in the internal audit reports are appropriately addressed by Management. • Detailed information related to the internal audit function can be obtained from the Audit Committee Report and Statement of Risk Management and Internal Control segments in the Annual Report 2019.
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	:	<ul style="list-style-type: none"> • The internal audit function is outsourced to Kloo Point Risk Management Services Sdn. Bhd., an external professional firm and the personnel handling the Group’s audit are free from any relationship or conflict of interest, which could impair their objectivity and independence. • Mr. Khor Ben Jin, Executive Director of Kloo Point Risk Management Services Sdn. Bhd. is the Engagement Director responsible for the internal audit of the Company. He is a Certified Internal Auditor, Fellow Member of the Association of Chartered Certified Accountants, Chartered Accountant of the Malaysian Institute of Accountants and Chartered Member of the Institute of Internal Auditors Malaysia. • The internal audit is conducted using a risk-based approach in accordance with the Standards for the Practice of Internal Auditing issued by the Institute of Internal Auditors. • More information on the internal audit function can be obtained from the Statement of Risk Management and Internal Control segment in the Annual Report 2019.
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

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	:	<ul style="list-style-type: none"> • The annual reports, circulars, general meetings, press releases, quarterly financial results and timely announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance. These form an important channel of communication to reach the stakeholders. • The Board also ensures that the stakeholders are given the opportunity to speak and seek clarifications during the Company's Annual General Meeting ("AGM") for effective and transparent communications with its stakeholders. • The Company regularly updates the Group's corporate website at www.tashin.com.my for the stakeholders and general public to access information on amongst others, the Group's corporate profile, products, financial performance, announcements published on Bursa Malaysia Securities' website, Board Charter, Board Committees' terms of reference and corporate information.
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	:	This is not applicable to the Company as the Company is not classified as "Large Company" as defined by Malaysian Code on Corporate Governance.	
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The Notice of AGM, together with the Annual Report 2019, was sent to the shareholders on 11 June 2020, at least twenty-eight (28) days prior to the date of the AGM of the Company scheduled to be held on 20 July 2020.• The Notice of AGM includes the details of the proposed resolutions and the explanatory notes to enable shareholders to make an informed decision in exercising their voting rights.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board would ensures that all the Directors of the Company, including the Chair of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee attend the AGM of the Company and to provide response if there is 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	:	The Company’s AGM will be held virtually via an online platform where shareholders will be able to submit proxy form electronically; register for remote participation and voting at AGM; attend and participate at meetings remotely via live streaming; and to vote online remotely on resolutions tabled at the AGM.	
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
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

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

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