

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0176
COMPANY NAME : Kronologi Asia Berhad (“Kronologi” or “the Company”)
FINANCIAL YEAR : January 31, 2021

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	:	<p>The Board of Directors ("Board") is collectively responsible to oversee and ensure that the conduct of the businesses of the Group is in compliance with relevant laws, policies, standards and guidelines applicable to the Group.</p> <p>Further details on the role and responsibilities of the Board are set out in the Corporate Governance Overview Statement ("CG Statement") in the Company's Annual Report for the financial period ended 31 January 2021 ("FPE2021") ("AR 2021").</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

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	:	Mr Geoffrey Ng Ching Fung is the Board Chairman and his role is clearly specified in Paragraph 2.3 of the Board Charter, which is available on the Company's website at www.kronologi.asia
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The distinct and separate roles and responsibilities of the Independent Non-Executive Chairman and the Executive Director cum Group Chief Executive Officer are provided in Paragraph 2.3 of the Board Charter, which is available at www.kronologi.asia.</p> <p>The position of Independent Non-Executive Chairman and the Executive Director cum Group Chief Executive Officer are held by two individuals, namely Mr. Geoffrey Ng Ching Fung and Mr. Edmond Tay Nam Hiong respectively.</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 Board is supported by a qualified and competent Company Secretary. She is a member of the Malaysian Association of Companies Secretaries and is holding a professional certificate as qualified Company Secretary under the Malaysian Companies Act 2016. She possesses over 25 years of experience in corporate secretarial practices.</p> <p>The Board acknowledges that the Company Secretary plays an important role and will ensure that the Company Secretary fulfils the functions for which she has been appointed.</p> <p>The responsibilities of the Company Secretary are as set out in the Board Charter.</p> <p>During the financial period under review, all Board and Committees meetings were properly convened, and accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.</p> <p>Overall, the Board is satisfied with the service and support rendered by our Company Secretary to the Board in the discharge of her functions.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>To facilitate the Directors' time planning, an annual meeting calendar is prepared in advance of each new year by the Company Secretary. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the Annual General Meeting ("AGM"). The closed periods for dealings in securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.</p> <p>The notices of Board and Board Committees meetings are sent to the Directors via email at least seven (7) days prior to the meetings.</p> <p>The meeting papers are generally furnished to the Board members within five (5) working days prior to the dates of meetings. This is to ensure that the Directors have sufficient preparation time and information to make an informed decision at each meeting. Sometimes the submission of certain meeting materials may be less than five (5) working days prior to the dates of meetings due to timing issues in collating relevant information and details.</p> <p>The deliberations and conclusions of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes are circulated for the Board or Committee Chairman's review within a reasonable timeframe after the meetings. The meeting minutes accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.</p> <p>All the records of proceedings and resolutions passed are kept at the registered office of the Company.</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 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 Board Charter was revised on 1 June 2020 which incorporated the anti-bribery and corruption measures under the Code of Ethics and Conduct. The Board Charter serves as a primary reference for prospective and existing Board members of their fiduciary duties as Directors and the functions of the Board Committees.</p> <p>A copy of the Board Charter is published on the corporate website of the Company at www.kronologi.asia.</p> <p>The Board Charter is subject to periodic review and will be updated as and when necessary, to ensure it remains consistent with the Group's policies and procedures, the Board's overall responsibilities as well as changes to legislation and regulations.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Code of Ethics and Conduct which forms part of the Board Charter is observed by all Directors, management and employees of the Group which is available at www.kronologi.asia.</p> <p>Besides, the Code of Ethics has also been encapsulated in the Company Employee's Handbook in which was email to all the employees of the Group including Directors upon their commencement of work with the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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	:	The Company has also adopted a Whistle Blowing Policy and subsequently revised on 1 June 2020 which incorporated the relevant amendments in relation to anti-corruption measures. The Whistle Blowing Policy provides a defined avenue and accessible reporting channels for all employees of the Group to raise concerns or disclose any improper conduct within the Group in which was published on the Company's website at www.kronologi.asia .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of the Company, comprises five (5) Directors with majority of them are Independent Directors i.e. (1) Executive Director cum Group Chief Executive Officer, (1) Executive Director cum Chief Operating Officer and three (3) Independent Non-Executive Directors (“INEDs”).</p> <p>All the three (3) INEDs satisfy the independence test under the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The Board operates in a manner that ensures the Directors exercise independent judgement and the interests of shareholders are always at the forefront when important decisions are made by the Board.</p> <p>The assessment of independence of INEDs was conducted annually by the Nomination Committee (“NC”) via Annual Evaluation of Independence of Director to ensure that the INEDs were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	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 and the NC acknowledges the importance of taking into account the diversity in the skills, experience, age, race/ethnicity of the existing Board in seeking potential candidate(s). This helps to ensure an appropriate balance between the experience perspectives of the long term directors and new perspectives that bring fresh insights to the Board. The Board believes that candidature to the Board should be based on a candidate's merits, capability, experience, skill-sets and integrity.</p> <p>The current diversity in the existing Board is as follows:</p> <p>Male : 5 Female : 0 Malay : 0 Chinese: 5 Indian: 0 Age Group (Years): 40-49: 1 50-59: 3 60-70: 1</p> <p>The Board will consider further diversity of gender and race of the Board in due course.</p> <p>In making a recommendation to the Board on the candidates for directorship, the NC considers and assess the candidates based on the objective criteria, including:-</p> <p>(a) skills, knowledge, expertise and experience; (b) professionalism; (c) integrity; and (d) in the case of candidates for the position of Independent Non-Executive Directors, the NC also evaluate the candidates' ability to discharge such responsibilities / functions as expected from Independent Non-Executive Directors.</p> <p>The appointment of Key Senior Management was also made with due regard for diversity in skills, experience, age, cultural background and gender with diversity in the following perspectives as set out in the table:-</p> <p>Nationality: Malaysian: 0 Singaporean: 4 Male : 3 Female : 1 Malay : 0 Chinese: 4 Indian: 0 Age Group (Years): 30-40: 1 41-50: 1 51-60: 2</p>

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

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a Gender Diversity Policy which provides a framework for the Company to improve its gender diversity at Board level. The NC regularly assesses the optimum size, required mix of skills, experience, independence and diversity required collectively for the Board to effectively fulfil its role.</p> <p>In identifying suitable candidates for appointment to the Board, the NC will consider candidates based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company and with due regards for the benefits of diversity in the Board.</p> <p>The Board will continue to search for suitable female candidates.</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 policies and procedures for recruitment and appointment (including re-election) of Directors are guided by the Terms of Reference of the NC.</p> <p>The NC leverages on various sources and gain access to a wider pool of potential candidates. Besides the recommendation from the existing Board members, management and major shareholders, the Board also refer to the potential candidate from the industry taking into consideration the education, skills and experience background.</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	:	The NC is chaired by Mr. John Chin Shoo Ted who is a Senior Independent Non-Executive Director of the Company. The details/profile of the NC Chairman is disclosed in the AR 2021.	
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	:	The NC met once during the financial period under review and the activities undertaken by the Committee were summarised in the CG Statement of the AR 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had established a formal and transparent Remuneration Policy which sets out the principles and guidelines for the Board and Remuneration Committee ("RC") to determine the remuneration of Directors and/or Senior Management of the Company. The Remuneration Policy is available at the Company's website at www.kronologi.asia.</p> <p>The fees and any benefits payable to the Directors shall from time to time be determined by an Ordinary Resolution of the Company in general meeting in accordance with Section 230 of the Companies Act 2016.</p> <p>The remuneration is reviewed by the RC on an annual basis prior to making its recommendations to the Board for approval. With reference to the Remuneration Policy, the RC considers various factors including the Director fiduciary duties, time commitments and expertise expected from them and the Company's performance.</p> <p>The Executive Directors' remuneration packages are tabled and reviewed by the RC based on the Key Performance Indicators, before recommendation is made to the Board for approval.</p> <p>At the last AGM held on 29 May 2020, the Board has sought approval for Directors' fees and benefits of up to RM400,000 for the financial year ended 31 December 2020. However, the proposed amount was insufficient due to change of financial year of the Company. The Company will seek its shareholders' approval at the forthcoming AGM for the shortfall payment of Directors' fees and benefits of RM9,500 for the financial period ended 31 January 2021.</p>

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

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The RC is principally responsible for the development and review of the remuneration policy and packages of the Directors and make its recommendations to the Board for approval. The RC is also responsible to ensure that the remuneration package and benefits of the Board of the Group are benchmarked with industry standards in light of the Group's performance in the industry.</p> <p>Each Director shall abstain from the deliberation and voting on matters pertaining to his own remuneration.</p> <p>The Terms of Reference of RC and Remuneration Policy are accessible on the Company's website at www.kronologi.asia.</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	:	The detailed disclosure of the above Directors' remuneration received during FPE2021 on name basis as recommended by the Code is disclosed in the CG Statement in the AR 2021.	
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>Due to confidentiality and sensitivity of the remuneration package of senior management as well as security concerns, the Company opts not disclose the Top Senior Management's remuneration components on named basis in the bands of RM50,000.00.</p> <p>The Board is of the view that the disclosure of the Senior Management's remuneration components would not be in the best interest of the Company given the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues.</p> <p>The aggregate remuneration and benefits paid to the Senior Management of the Group for the FPE2021 are as follows:</p> <table border="1"> <thead> <tr> <th>Range of Remuneration</th> <th>No. of Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM400,001 to RM450,000</td> <td>1</td> </tr> <tr> <td>RM850,001 to RM900,000</td> <td>1</td> </tr> <tr> <td>RM900,001 to RM950,000</td> <td>1</td> </tr> <tr> <td>RM1,500,001 to RM1,550,000</td> <td>1</td> </tr> </tbody> </table> <p>As an alternative, the Board is of the view that the disclosure of Top Senior management's aggregated remuneration on unnamed basis in the bands of RM50,000 as shown above is adequate.</p>	Range of Remuneration	No. of Senior Management	RM400,001 to RM450,000	1	RM850,001 to RM900,000	1	RM900,001 to RM950,000	1	RM1,500,001 to RM1,550,000	1
Range of Remuneration	No. of Senior Management											
RM400,001 to RM450,000	1											
RM850,001 to RM900,000	1											
RM900,001 to RM950,000	1											
RM1,500,001 to RM1,550,000	1											
<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 (“AC”).

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

Practice 8.1

The Chairman of the AC is not the Chairman of the board.

Application	:	Applied
Explanation on application of the practice	:	The Chairman of the Board is Mr Geoffrey Ng Ching Fung while the AC Chairman is Mr. Kok Cheang-hung.
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 AC.

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

Practice 8.2

The AC 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 AC.

Application	:	Applied
Explanation on application of the practice	:	The policy has been stated in the Terms of Reference of the AC which was published on the Company's website at www.kronologi.asia . None of the members of the AC of the Company were former key audit partners.
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 AC.

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

Practice 8.3

The AC 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 Board has established the External Auditors Assessment Policy ("the Policy") together with an annual performance evaluation form. The Policy is to outline the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of the External Auditors.</p> <p>The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.</p> <p>The AC shall obtain 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.</p> <p>The AC carried out an annual performance assessment of the External Auditors with the presence of the Executive Directors, the Group Finance Manager.</p> <p>The annual evaluation form provides a checklist for the AC to carry out a formal review of the independence, effectiveness and efficiency of the External Auditors of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent AC.

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

Practice 8.4 - Step Up

The AC should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The AC comprises three (3) Non-Executive Directors with all of them are Independent Directors as detailed below:-</p> <ul style="list-style-type: none">(a) Mr. Kok Cheang-hung (Chairman, Independent Non-Executive Director)(b) Mr. Geoffrey Ng Ching Fung (Member, Independent Non-Executive Chairman)(c) Mr. John Chin Shoo Ted (Member, Senior Independent Non-Executive Director)

Intended Outcome

There is an effective and independent AC.

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

Practice 8.5

Collectively, the AC 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 AC including the financial reporting process.

All members of the AC 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 AC members possess the necessary skills and knowledge to discharge their duties in accordance with the Terms of Reference of the AC. The AC Chairman and all the AC Members are financially literate and they are able to understand matters under the purview of the AC including the financial reporting process.</p> <p>They are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p> <p>During the FPE2021, all members of the AC have undertaken continuous professional development to keep themselves abreast of relevant development in accounting and auditing standards, practices and rules. Details of their training are as set out in the CG Statement of the AR 2021.</p> <p>In addition, during the AC meetings, the members were also briefed by the external auditors on the following key areas:-</p> <ul style="list-style-type: none">• Financial Reporting developments;• Adoption of Malaysian Financial Reporting Standards; and• Other changes in regulatory environment.
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The information on risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of the AR 2021.	
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	:	The information on risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of the AR 2021.
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 AC should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is outsourced to an independent professional consulting firm to carry out internal audit services for the Group.</p> <p>The Internal Auditors are precluded from providing any services that may impair their independence or conflict with their role as Internal Auditors.</p> <p>To ensure that the responsibilities of IA are fully discharged, the AC evaluated the performance of the Internal Auditors for the FY 2019 upon such evaluation criteria as set out in its Annual Assessment Form ("IA Annual Assessment Form"), amongst others, the following were some of the criteria reviewed by the AC:</p> <ul style="list-style-type: none">a. Adequacy of resources and experience of the internal audit firm;b. Quality processes of the internal audit firm;c. Competency of the engagement team;d. Governance and independence;e. Internal audit fee, scope and planning; andf. Internal audit reports and communications. <p>The AC concluded its assessment that the IA has sufficient experience and resources to satisfy their terms of reference and adequately deliver the quality services to the Company and its subsidiaries.</p> <p>The results of the audits as disclosed in the Internal Audit Reports together with Management's response and proposed action plans were reviewed by the AC. The relevant Management members were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes.</p> <p>The IA provides assurance to the AC that no material issue or major deficiency has been noted which would pose a high risk to the overall system of internal control under review.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function for the Group is conducted by a third-party service provider, OAC Consulting Sdn. Bhd. (“OAC”), which leads by a Senior Director, Mr. Leonard Lim Weng Leong and Director, Mr. Lionel Vernon Yong Nguon Kee along with other internal audit (“IA”) personnel, are free from any relationships with the Company or conflicts of interest. This will ensure that the internal audit function does not impair their objectivity and independence.</p> <p>All auditing endeavours are conducted in compliance with the Institute of Internal Auditors’ (“IIA”) Definition of Internal Auditing, Code of Ethics and the International Standards for Professional Practice of Internal Auditing.</p> <p>The Senior Director of OAC is a Member of National Institute of Accountants (MNIA) and Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA).</p> <p>The Director of the OAC is a Certified Internal Auditor, United States of America (CIA), a Chartered Accountant (Malaysia), a Member of the Malaysian Institute of Accountants (MIA) and a Fellow Member of the Chartered Association of Certified Accountants, United Kingdom (FCCA).</p> <p>In accordance with the Terms of Reference of the AC, the AC had on 22 March 2021 conducted an annual assessment of the performance of the internal audit function. The AC was satisfied with the competency, experience and resources of the IA function for discharging its role and responsibilities.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company ensures that its communication with the shareholders and stakeholder is transparent, timely and with quality disclosure.</p> <p>The Company manage the communications with shareholders and stakeholder on their own. The Company make timely announcement and press release to update the shareholders and stakeholders on the development and progress of the Company's operations.</p> <p>The Company do have a channel for the shareholders and stakeholders to contact/address their queries to the management team. The contact and email are stated in the Company's website at www.kronologi.asia.</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 required to comply with this requirement as it is not a large company.
		Corporate information is disseminated via the Company's website and announcements are published on the website of Bursa Malaysia Securities Berhad. At present, the Board is of the view that the Company's Annual Report is comprehensive enough for stakeholders to make informed decisions. The current Annual Report provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including future prospects. Components such as the Management and Discussion Analysis, CG Statement, as well as Sustainability Statement, form an integral part of the non-financial information. Once the level of maturity of non-financial reporting practices is adequate and able to comply with global recognised integrated reporting standards, the Company will implement this as soon as it is practicable.
<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 AGM should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	The notice for convening the Seventh AGM of the Company to be held on 29 June 2021 is issued to shareholders on 31 May 2021, which is at least 28 days before the date of 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	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>At the Sixth AGM of the Company held on 29 May 2020, all the Directors were presents through the fully virtual AGM platform.</p> <p>The Executive Director cum Group Chief Executive Officer of the Company presented the Group’s financial performance and prospects for the financial year ended 31 December 2019 with a Question and Answers sessions to allow the shareholders and proxies (collectively, “Shareholders”) to raise their enquiries through the virtual AGM platform and have better understanding of the affairs of the Group.</p> <p>During the fully virtual AGM, the Chairman also invited the Shareholders present to raise any questions pertaining to the Company’s financial statements and other items for adoption at the meeting.</p> <p>The Directors present at the fully virtual AGM had responded to the Shareholders’ enquiries. The Key Senior Management of the Company and External Auditors had also attended the fully virtual AGM and prepared to answer Shareholders’ enquiries, where relevant.</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

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 Sixth AGM held on 29 May 2020 was held on a fully virtual and entirely via remote participation and voting (“RPV”).</p> <p>Moreover, the forthcoming Seventh AGM scheduled to be held on 29 June 2021 will also be held on a fully virtual and entirely via RPV.</p> <p><u>Remote shareholders’ participation in General Meetings</u> Shareholders are able to attend, speak (including posing questions to the Company/Board of Directors) and vote remotely at the AGM without being physically present at the meeting venue. Shareholders may also appoint proxies to participate on his/her behalf by submitting the duly executed proxy form to the Company’s share registrar in hard copy or by electronic means.</p> <p><u>Voting in absentia</u> For shareholders who are unable to attend the meetings remotely, they may exercise their voting rights by appointing the Chairman of the meeting as his/her proxy with a pre-determined proxy form.</p> <p>Shareholders will be allowed to cast their vote via an online platform at the time of the meeting until a time when the Chairman of the meeting announces the completion of the voting session.</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
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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