

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7209
COMPANY NAME : Cheetah Holdings Berhad
FINANCIAL YEAR : June 30, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | The Board discharges its duties and responsibilities that are set out in the Board Charter, with the objective of safeguarding the interests of shareholders and other stakeholders. |
| 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 1.2

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 Chia Kee Foo is the Chairman of the Board and the responsibilities of the Chairman are stated in the Board Charter which is available on the Company's website at www.corporate.cheetah.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

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 | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | The positions of Chairman and Managing Director are currently held by Mr Chia Kee Foo. Based on the assessment, the Board is satisfied with the dual positions being held by Mr Chia Kee Foo in view of his extensive experience, skills, knowledge and familiarity with the Group's business, industry and products which are invaluable to the Group. | |
| | | The responsibilities of the Chairman and Managing Director are separated and are set out in the Board Charter which is available on the Company's website at www.corporate.cheetah.com.my . | |
| <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

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

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Company is supported by two (2) suitably qualified and competent Company Secretaries. Both Company Secretaries, Ms Tan Fong Shian and Ms Liew Chak Hooi, are members of the Malaysian Institute of Chartered Secretaries and Administrators.</p> <p>The roles and responsibilities of the Company Secretaries are set out in the Board Charter.</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 | : | Meeting materials are disseminated one week before meeting, unless otherwise advised by the Board and/or Committees and minutes are circulated timely to the Board members. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 2.1

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

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Board Charter is published in the corporate website at www.corporate.cheetah.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 | : | The Company has established the Code of Ethics and Conduct for its Directors and employees. The Code of Ethics and Conduct is published on the Company's website at www.corporate.cheetah.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 | : | The Whistleblowing Policy and Procedures is published on the Company's website at www.corporate.cheetah.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

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

Practice 4.1

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

| | | |
|--|---|--|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The Board is currently comprised of three (3) Executive Directors, three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and one (1) Alternate Director (<i>appointed on 25 August 2020</i>). The Board is of the view that the presence of the three (3) Independent Directors (“IDs”) is sufficient to provide the necessary checks and balances on the decision making process of the Board. The IDs provide independent and objective judgement as well as impartial opinion on Board deliberations and decision making and significant contributions of the IDs are evidenced on their participation as members of the Board Committees.</p> <p>Annual assessment of the independence of the IDs has been carried out by referring to the criteria as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the IDs proved themselves that they have contributed impartial and objective judgement to the decision making process for the Board.</p> |
| <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 4.2

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 | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>Mr Gong Wooi Teik and Mr Chong Jock Peng have served the Board as IDs for a cumulative term of more than twelve (12) years.</p> <p>Each of the IDs had provided their annual confirmation of independence to the Board based on the criteria of assessing independence in line with the definition of "independent directors" prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The Board will be seeking annual shareholders' approval for retention of both Mr Gong Wooi Teik and Mr Chong Jock Peng to continue to serve as IDs of the Company at the forthcoming Annual General Meeting through a single-tier voting process but not a two-tier voting process, given that there is only one class of ordinary shares in the Company and the rights of the holders, including the right to vote, shall rank <i>pari passu</i>. The ordinary resolutions shall be passed by a simple majority votes and the special resolutions shall be passed by a majority of not less than 75% votes.</p> <p>The Board is of the view that the length of service does not in anyway interfere with the exercise of their independent judgement and ability to act in the best interest of the Company.</p> |
| <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 4.3 - 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 through the Nomination Committee, has established the appointment process as set out in page 20 of the Annual Report 2020.</p> <p>The Nomination Committee is delegated with the responsibility of assessing and considering and recommending to the Board, suitable candidates for appointment as Directors and reviewing the nomination of senior management when the need arises.</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 acknowledges that gender diversity is one of the key attributes to an effective and balanced board. In this regard, it is committed to having female representation on the Board and the Board currently has one (1) female member.</p> <p>The Board believes in equality and equal opportunity to be given to an individual whether for appointment as a director or employment within the Group, based on objective criteria and merit.</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 | : | The Nomination Committee, which is responsible for identifying and recommending suitable candidate(s) for the Board membership, does have the liberty to rely on external opinions and services, when the need arises. | |
| Explanation for departure | : | Please provide an explanation for the departure. | |
| | | Please provide an alternative practice and explain how the alternative practice meets the intended outcome. | |
| <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 4.7

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Nomination Committee is chaired by Mr Chong Jock Peng, an Independent Non-Executive Director of the Company. | |
| Explanation for departure | : | Please provide an explanation for the departure. | |
| | | Please provide an alternative practice and explain how the alternative practice meets the intended outcome. | |
| <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

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

Practice 5.1

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

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>Annual evaluation had been carried out, which involved individual Directors and Committee members completing separate performance evaluation sheet regarding the process of the Board and its Committees, their effectiveness and contribution of each individual Director. These assessments and comments by all Directors were tabled and discussed at the Nomination Committee Meeting which were then reported to the Board at the Board Meeting held thereafter.</p> <p>The Nomination Committee was satisfied that the skills, experiences and contributions of the Directors are adequate to enable the Board and the Board Committees to discharge their respective duties and responsibilities effectively.</p> |
| Explanation for departure | : | <p>Please provide an explanation for the departure.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p> |
| <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

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 | : | The Remuneration Committee is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors, as well as senior management when necessary. The Board has established a Remuneration Policy and is available at the Company's website at www.corporate.cheetah.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 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 | : | The Terms of Reference of the Remuneration Committee is available at the Company's website at www.corporate.cheetah.com.my . | |
| Explanation for departure | : | Please provide an explanation for the departure. | |
| | | Please provide an alternative practice and explain how the alternative practice meets the intended outcome. | |
| <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

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 information on the remuneration of each Director is disclosed in the Corporate Governance Overview Statement in the Company's Annual Report 2020. | |
| Explanation for departure | : | Please provide an explanation for the departure. | |
| | | Please provide an alternative practice and explain how the alternative practice meets the intended outcome. | |
| <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

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 is of the view that the disclosure of information other than as disclosed in the Annual Report is detrimental to the Company's management of its human resources due to the competitive environment for resources within the industries the Company and its subsidiaries operate in. While the Company has set policies, such disclosure may also be misconstrued as an impediment to its recruitment and retention of personnel.</p> <p>The Company also believes that the non-disclosure of the information on key personnel and their remuneration will not affect the interest of its shareholders.</p> <p>The Company will continue to evaluate the implications and will make the necessary disclosure if it satisfies that the disclosure will be in the best interest of the Company.</p> |
| <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

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 Board is Mr Chia Kee Foo while the Chairman of the Audit Committee is Mr Gong Wooi Teik. | |
| Explanation for departure | : | Please provide an explanation for the departure. | |
| | | Please provide an alternative practice and explain how the alternative practice meets the intended outcome. | |
| <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

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 | : | The policy has been incorporated into the Terms of Reference of Audit Committee. | |
| Explanation for departure | : | Please provide an explanation for the departure. | |
| | | Please provide an alternative practice and explain how the alternative practice meets the intended outcome. | |
| <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

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 | : | The duties of the Audit Committee to assess the external auditor are included in its Terms of Reference. | |
| Explanation for departure | : | Please provide an explanation for the departure. | |
| | | Please provide an alternative practice and explain how the alternative practice meets the intended outcome. | |
| <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

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 comprises solely three (3) Independent Non-Executive Directors. |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Audit Committee members possess necessary skills and knowledge in discharge of their duties. The Audit Committee reviewed the financial related matters collectively and the trainings attended by each member are disclosed in the Annual Report of previous and current financial years. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 9.1

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The information on risk management and internal control are disclosed in the Statement on Risk Management and Internal Control of the Annual Report 2020.</p> <p>The risk management framework of the Group encompassed the following:-</p> <ul style="list-style-type: none">• A Risk Management Committee ("RMC") was established on 29 August 2013 to identify, evaluate and monitor risks that affect the Group as well as proposing actions to mitigate the same. The RMC is currently headed by the Managing Director of the Group and also comprises the Executive Director (in charge of Finance Functions), the Finance Manager and the Head of Sales & Marketing Division.• The RMC is responsible to ensure that every department within the Group is aware of the risk areas identified, action plans are executed by the relevant designated personnel and regular monitoring is carried out on a timely basis. Periodic internal meetings are held to address the adequacy of the internal controls and effectiveness of the management action plans put in place. This is an ongoing process that helps the Group's achievement of its business objectives.• The RMC has put in a risk management framework and the ongoing process to assess the various types of risks which have impact on the profitable of the Group's business. These include strategic risk, operational risk & credit risk. The RMC reports to the Audit Committee on half-yearly basis and had held meetings to address keys risks that had been identified, its possible causes, measures taken to manage such risks as well as proposed actions to be taken.• The Audit Committee reviews the Risk Register, which is updated by the RMC based on the observation and results derived from the internal meetings, on half-yearly basis. The Audit Committee is responsible for making observation on identified key areas, together with the RMC members, evaluate the risk impact and thereafter, ensuring that the approved action plans are implemented by the Management. |

- The Board is responsible for the overall risk oversight. In its regular Board Meetings, the Directors, in consultation with the Audit Committee, are made aware of the significant risks, material issues and updated information affecting the Group which require decisions and appropriate actions to be taken. Accordingly, the Directors continue to monitor the identified key risks, risk mitigating action plans and actions as well as the follow-up process.

The key elements of the Group's system of internal control are described below:

- The internal audit function of the Group is outsourced to an independent professional consultancy firm.
- The Audit Committee members are Independent Non-Executive Directors.
- Delegation of responsibilities to the Board Committees and the Management are encapsulated in the respective terms of reference and the Board Charter.
- Annual review of sales budget by the Audit Committee and the Board, whereby comparison with actual performance was made to address relevant variances.
- Audit Committee and Board meetings which require important matters to be highlighted and discussed, thus ensuring that both the Audit Committee and Board maintain an effective ongoing monitoring of internal controls and risk matters, where appropriate.
- Management internally monitors risks and adjusts measures/controls in response to changes evolving around the Group, business and environment, together with follow-up procedures in consultation with the Internal Auditors.
- Procedures and policies are reviewed and streamlined, when appropriate, to enhance its efficiency and effectiveness.
- Guidelines on employment, duties, performance appraisal and training programmes are implemented to ensure competent and well trained employees.
- Close involvement of the Managing Director and the Executive Directors in the daily operations of the Group, assisted by the senior management staff, ensuring that adequate control procedures in relation to financial and operational controls are in place.
- Review Financial and Authority Limits to ensure its relevancy and efficacy.

| | |
|--|--|
| | <ul style="list-style-type: none"> • Timely and effective internal and external reporting involving the services of qualified professionals such as auditors and company secretary. |
| Explanation for departure | : Please provide an explanation for the departure. |
| | Please provide an alternative practice and explain how the alternative practice meets the intended outcome. |
| <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

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 features on risk management and internal control are set out in the Statement on Risk Management and Internal Control of the Annual Report 2020. |
| Explanation for departure | : | Please provide an explanation for the departure. |
| | | Please provide an alternative practice and explain how the alternative practice meets the intended outcome. |
| <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

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

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

Practice 9.3 - Step Up

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

| | | |
|--|---|-------------|
| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | |

Intended Outcome

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

Practice 10.1

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The information on internal audit function is disclosed in the Audit Committee Report of the Company's Annual Report 2020.</p> <p>During the financial year under review, Cheetah Group has outsourced its internal audit function to Baker Tilly Monteiro Heng Governance Sdn Bhd ("Baker Tilly").</p> <p>The internal audit work was carried out based on Baker Tilly Internal Audit Methodology, which is closely consistent with the guidance and standards as stipulated in the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors.</p> <p>The Internal Audit function provides an independent and objective feedback to the Audit Committee and the Board on the adequacy, effectiveness and efficiency of the internal control system within the Group. Throughout the financial year, the audit assignments were carried out in accordance with the annual internal audit plan.</p> |
| Explanation for departure | : | Please provide an explanation for the departure. |
| | | Please provide an alternative practice and explain how the alternative practice meets the intended outcome. |
| <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

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>During the financial year under review, Cheetah Group has outsourced its internal audit function to Baker Tilly Monteiro Heng Governance Sdn Bhd (“Baker Tilly”), led by Mr Kuan Yew Choong, who is graduated with Association of Chartered Certified Accountants (UK), a chartered member of the Institute of Internal Auditors, Malaysia and a Chartered Accountant (Malaysian Institute of Accountants).</p> <p>There were a total of two (2) internal auditors which were deployed by Baker Tilly for the internal audit work performed for the Group during the financial year 2020. All the personnel deployed by Baker Tilly are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.</p> <p>The internal audit work was carried out based on Baker Tilly Internal Audit Methodology, which is closely consistent with the guidance and standards as stipulated in the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors.</p> |
| Explanation for departure | : | <p>Please provide an explanation for the departure.</p> <hr/> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p> |
| <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

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 information on communication with shareholders/stakeholders is set out in the Corporate Governance Overview Statement as contained in the Company's Annual Report 2020.</p> <p>The Group is committed to maintaining timely and effective dissemination of information to its investors and shareholders, ensuring that they are well informed of significant Company's developments and happenings promptly via the appropriate channel. The Company's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders, stakeholders and the public via announcements in accordance with the corporate disclosure requirements prescribed by Bursa Malaysia Securities Berhad. Information relating to the Group is also available in the Company's website at www.corporate.cheetah.com.my.</p> |
| Explanation for departure | : | <p>Please provide an explanation for the departure.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p> |
| <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

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 | : | Applied |
| Explanation on application of the practice | : | The information on communication with shareholders/stakeholders is set out in the Corporate Governance Overview Statement as contained in the Company's Annual Report 2020. The Company is not a large company as defined in the Malaysian Code on Corporate Governance. |
| Explanation for departure | : | Please provide an explanation for the departure. |
| | | Please provide an alternative practice and explain how the alternative practice meets the intended outcome. |
| <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

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

Practice 12.1

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Notice for the forthcoming Annual General Meeting is issued at least 28 days prior to the meeting. | |
| Explanation for departure | : | Please provide an explanation for the departure. | |
| | | Please provide an alternative practice and explain how the alternative practice meets the intended outcome. | |
| <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

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>All Directors, Chairs of Committees and senior management attended the previous annual general meeting.</p> <p>The Chairman, Board Committees' Chairman, other Board members and senior management shall attend the forthcoming and future general meetings.</p> | |
| Explanation for departure | : | Please provide an explanation for the departure. | |
| | | Please provide an alternative practice and explain how the alternative practice meets the intended outcome. | |
| <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

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

Practice 12.3

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

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

| | | | |
|--|---|--|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | Shareholders are entitled to appoint proxy(ies) / representative(s) / Chairman of the meeting to vote on their behalf in their absence at the general meeting. | |
| | | The Company does not have a large number of shareholders. The Company's general meetings have always been held at a venue which is easily accessible. | |
| <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. | |

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

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

Click here to enter text.