

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0191  
**COMPANY NAME** : CABNET HOLDINGS BERHAD  
**FINANCIAL YEAR** : December 31, 2020

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Rule 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 Rule 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>It is the primary governance responsibilities of the Board of Directors ("the Board") of Cabnet Holdings Berhad ("CABNET" or "the Company") to lead and control the CABNET Group ("the Group"). The Board of CABNET takes full responsibility for the oversight and overall performance of the Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, ensuring that the necessary resources are in place for the Company to meet its objectives and deliver sustainable performance. The Board is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals and realising long-term shareholders' values.</p> <p>The Independent Non-Executive Directors ("INEDs") are responsible for bringing independent judgement and scrutiny to decisions taken by the Board and providing objective challenges to Management. The Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group to ensure that they are capable of exercising judgement objectively and act in the best interest of the Group, its stakeholders and shareholders, including minority shareholders.</p> <p>The Chief Executive Officer ("CEO") has the executive responsibility for the day-to-day operations of the Group's business and is responsible to implement the policies, strategies and decisions adopted by the Board. The CEO is further assisted by the Deputy Chief Executive Officer ("Deputy CEO"), Chief Operating Officer ("COO") and Senior Executives of the Group to ensure proper focus and accountability.</p>

	<p>The Board is also assisted by several Board Committees, namely Audit and Risk Management Committee (“ARMC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”) to assist in the execution of Board functions. The ARMC and Board are further assisted by the Risk Management Committee (a Management level Committee) playing a pivotal oversight function as delegated by the Board. These Committees ensure greater focus, objectivity and independence in the deliberation of specific board agenda. All committees have written terms of reference which is made available for reference at the Company’s website at <a href="http://www.cabnet.asia">www.cabnet.asia</a>.</p> <p>These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of these respective committees would report to the Board the outcome of the Committees meetings for the Board’s considerations and approvals.</p> <p>Although the Board may delegate powers and responsibilities to these committees, the Board retains ultimate accountability for discharging its duties.</p>	
<p><b>Explanation for departure</b> :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

## Intended Outcome

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

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is headed by a Chairman who is an Independent Non-Executive Chairman and is responsible for the effective performance of the Board. The roles of the Chairman are defined and set out in the Board Charter which is made available for reference at the Company's website at <a href="http://www.cabnet.asia">www.cabnet.asia</a>.</p> <p>The Independent Non-Executive Chairman is responsible for leadership of the Board and ensuring the effectiveness of all aspects of its role and is primarily responsible for:</p> <ul style="list-style-type: none"><li>a) leading the Board in setting the values and standards of the Company;</li><li>b) maintaining a relationship of trust with and between the Executive and Non-Executive Directors;</li><li>c) ensuring the provision of accurate, timely and clear information to Directors;</li><li>d) ensuring effective communication with shareholders and relevant stakeholders;</li><li>e) arranging regular evaluation of the performance of the Board, its Committees and individual Directors;</li><li>f) facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors.</li></ul> <p>The Chairman, in consultation with the CEO and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda and providing the information to Directors on timely basis.</p> <p>The Chairman is responsible for managing the business of the Board to ensure that:</p> <ul style="list-style-type: none"><li>a) all Directors are properly briefed on issues arising at Board meetings;</li><li>b) sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussions; and</li></ul>

	c) the issues discussed are forward looking and concentrate on strategy.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is led by an Independent Non-Executive Chairman, Datuk Tan Kong Hong @ Tan Yi.</p> <p>The CEO and Deputy CEO of the Company is Mr Tay Hong Sing and Dato' Jeffrey Lai Jiun Jye respectively.</p> <p>The position of Chairman of the Board and CEO are held by different individuals.</p> <p>The Board has delegated to the CEO and the Deputy CEO, the authority and responsibility for implementing of the Board policies, strategies and decisions adopted by the Board. The CEO and Deputy CEO are the conduit between the Board and the Management in ensuring success of the Company's governance and management functions. The CEO, Deputy CEO and COO have the executive responsibility for the day-to-day operations of the Company's business.</p> <p>The positions of the Chairman and the CEO are separately held ensuring balance of power, accountability and division of roles and responsibilities of the Board and the Management of the Group's business and operations. The Board has developed descriptions for responsibilities of the Board Chairman and CEO. The details of these responsibilities are articulated in the Board Charter which is accessible from the Company's website at <a href="http://www.cabnet.asia">www.cabnet.asia</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by three (3) External Company Secretaries. They all are qualified to act as Company Secretary under Section 235 and Section 241 of the Companies Act 2016, of which one is a Fellow Member and the other two are Associate Member of the Malaysian Institute of Chartered Secretaries &amp; Administrators.</p> <p>The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislations.</p> <p>All Directors also have full and unrestricted access to the advice and services of the Company Secretaries. The Board is regularly updated on new guidelines, directives and new regulatory issues affecting the Group by the Company Secretaries as well as external consultants. The Company Secretary together with the Executive Directors ("EDs") assists the Chairman of the Board and Chairman of Board Committees to deal with the Board agenda and to provide the relevant information and documents to Directors on a timely basis. The Board is satisfied with the support and performance rendered by the Company Secretaries in assisting the Board to discharge its duties.</p> <p>The Board are of the view that the Company Secretaries have been competent and kept themselves abreast with the evolving regulatory changes and developments through continuous education programmes and attendance of relevant conferences, seminars and training programmes.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises that the supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of the business and to evaluate the management performance of the Group.</p> <p>A corporate calendar of all scheduled meetings and planned events for the financial year are furnished to all Directors and the Management by the Company Secretary normally during the 4<sup>th</sup> quarter Board meeting to aid and facilitate the Directors in scheduling and meeting their time commitments.</p> <p>In reviewing and analysing the quarterly interim financial results, the Board was provided with relevant supporting information and data. This information was circulated to the Board members within seven (7) days prior to the Board meetings so as to provide the Directors with relevant and timely information to enable them to deliberate issues raised during Board meetings more effectively. The key business information, management report on operations, business development, performance of its subsidiaries, the management's risk assessment and its status of action plans undertaken. Additionally, the Management was also invited to brief and report in meetings of the Board and Board Committees.</p> <p>The deliberations and decisions at Board and Board Committees meetings are well documented in the minutes. The Company Secretaries will circulate the draft minutes of meetings for the Board and Board's Committee review in a timely manner.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The roles and responsibilities of the Board and Management, Chairman of the Board, EDs, the Board Committees, CEO designate and the Individual Board members are set out in the Board Charter which is accessible through the Company's website at <a href="http://www.cabnet.asia">www.cabnet.asia</a>.</p> <p>It is the primary governance responsibilities of the Board to lead and control the Group. The Board takes full responsibility for the oversight and overall performance of the Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed.</p> <p>The Board has reviewed and revised, where applicable the following policies and made it available on the Company's website at <a href="http://www.cabnet.asia">www.cabnet.asia</a> as follows:</p> <ul style="list-style-type: none"> <li>• Board Corporate Disclosure Policy</li> <li>• Remuneration Policy</li> <li>• Code of Conduct and Business Ethics Policy</li> <li>• Continuing Education Policy</li> <li>• Dividend Policy</li> <li>• Diversity Policy</li> <li>• Policy on Related Party Transaction and Recurrent Related Party Transaction</li> <li>• Stakeholders Communication Policy</li> <li>• Whistle Blowing Policy</li> <li>• Board's Procedures for Appointment of Directors</li> </ul> <p>The Board meets at least once every quarter and on other occasions, as and when the need arises, to inter-alia review and approve quarterly financial results, statutory financial statements, the annual report, business ventures as well as to review the performance of the Company and its operating subsidiaries, governance matters and other business development matters.</p>

	<p>A corporate calendar of all scheduled meetings and planned events for the financial year are furnished to all Directors and the Management by the Company Secretary normally during the 4<sup>th</sup> quarter Board meeting to aid and facilitate the Directors in scheduling and meeting their time commitments.</p> <p>The EDs are engaged full time in the management and operations while the Non-Executive Directors attend Board Meetings and Committee Meetings as and when required as dictated by circumstances. All Directors commit and devote their time to make themselves available to attend to any matters arising which requires their attention individually or collectively.</p> <p>The Board had assumed the following specific duties including but not limited to those expounded under Guidance 1.1 of the Malaysian Code on Corporate Governance 2017 (“MCCG 2017”):</p> <ul style="list-style-type: none"> <li>a) Reviewing and adopting the strategic plan of the Company;</li> <li>b) Overseeing and evaluating the conduct of the Company’s business;</li> <li>c) Promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;</li> <li>d) Identifying principal risks and ensure that the risks are properly managed;</li> <li>e) Set the risk appetite within which the Board expects Management to operate, and ensure that there is an appropriate risk management framework;</li> <li>f) Establishing a succession planning;</li> <li>g) Approve the nomination, selection, succession policies, and remuneration packages for the Board members, Board Committee members including managing succession planning, appointing, training, fixing the compensation of, and where appropriate replacing senior management or key management personnel;</li> <li>h) Developing and implementing an investors relations programme or stakeholders communication policy;</li> <li>i) Reviewing the adequacy and integrity of the Company’s internal control systems and management information systems including compliance with applicable laws and regulations</li> <li>j) Review and approve the Financial Statements encompassing annual audited accounts and quarterly reports, credit facilities from financial institutions and guarantees;</li> <li>k) Prepare a Corporate Governance Statement/Report in compliance with the MCCG 2017 for the Annual Report; and</li> <li>l) Carry out or perform such other functions necessary for the discharge of its fiduciary duties under the relevant laws, rules and regulations.</li> </ul>
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a Code of Conduct and Business Ethics Policy ("the Code") sets out the standards of ethical behaviour and values expected of Directors and employees and serves as a guide and reference in the course of the performance of their responsibilities.</p> <p>The Board aims to ensure that all Directors and any other employees act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.</p> <p>The Board has implemented appropriate processes and systems to support, promote and ensure its compliance.</p> <p>The Board had revised its Code of Conduct and Business Ethics Policy on 26 November 2020, which is available for reference on the Company's website at <a href="http://www.cabnet.asia">www.cabnet.asia</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a Whistle-Blowing Policy (“WBP”) which sets out the disclosure procedures and protection for whistle blowers to meet the Group’s ethical obligations. Employees and stakeholders are encouraged to raise any serious concerns they have on any suspected misconduct or malpractices without fear of victimisation in a responsible manner rather than avoiding or overlooking them.</p> <p>The Board has also adopted the Code to enhance the standards of Corporate Governance and Behaviour as a guide for the Directors and employees from the Executive level upwards.</p> <p>The Board had revised its WBP on 26 June 2020, which is available for reference on the Company’s website at <a href="http://www.cabnet.asia">www.cabnet.asia</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the financial year under review, the Board of CABNET was comprised of eight (8) Directors i.e. four (4) INEDs, one (1) Non-Independent Non-Executive Director (“NINED”) and three (3) EDs, who also serves as the CEO, Deputy CEO and COO respectively.</p> <p>All the four (4) INEDs satisfy the independence test under the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“AMLR”) (“Bursa Securities”). They constitute at least half of the current Board structure.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Not applicable - No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The NC is responsible to oversee the selection criteria and recruitment process and recommend to the Board taking into consideration the candidates’:</p> <ul style="list-style-type: none"> <li>• skills, knowledge, expertise, competencies and experience;</li> <li>• professionalism;</li> <li>• potential conflict of interests;</li> <li>• integrity; and</li> <li>• in the case of candidates for the position of independent non-executives, the Committee should also evaluate the candidates’ ability to discharge such responsibilities / functions as expected from INEDs.</li> </ul> <p>The Board has in place a Board’s procedures for Appointment of Directors which sets out the procedures in respect of new appointments to the Board to ensure that the Board is comprised of Directors who have the necessary skills, competencies, commitment and experience to complement the efficiency and effectiveness of the Board as a whole. The Board’s Procedures for Appointment of Directors is made available for reference at the Company’s website at <a href="http://www.cabnet.asia">www.cabnet.asia</a>.</p> <p>CABNET is led and managed by a diverse, competent and experienced Board of Directors with a mix of suitably qualified and experienced professionals having wide and varied expertise in the fields of business, legal, accounting, engineering and information technology.</p> <p>This enables the Board to carry out its responsibilities effectively and ensures accountability. In areas where the Board may not possess the required expertise, the Board would be able to garner advice from its consultants in the required field.</p> <p>The current Board is drawn from different ethnic, cultural and socio-economic background with their age ranging from 41 years old to 69 years old to ensure that different viewpoints are considered in the decision-making process.</p> <p>The Board currently includes one INED of the female gender.</p>

	The Board's current diversity is summarised below: -								
	Race/ Ethnicity			Age Group			Gender		
	Malay	Chinese	Indian	40-49	50-59	60-69	Male	Female	
No. of Directors	1	6	1	3	3	2	7	1	
	The Senior Management ("SM")'s current diversity is summarised below: -								
	Race/ Ethnicity			Age Group			Gender		
	Malay	Chinese	Indian	30-39	40-49	50-59	Male	Female	
Number of SM	-	5	-	1	2	2	5	-	
	The Board acknowledges the importance of diversity to ensure the mix and profiles of the Board members, in terms of age, ethnicity and gender, ability to provide the necessary range of perspectives, experiences and expertise required, are well balanced in order to achieve effective board stewardship. The Board had adopted the Diversity Policy and is made available for reference on the Company's website at <a href="http://www.cabnet.asia">www.cabnet.asia</a>								
<b>Explanation for departure</b>	:								
	:								
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>									
<b>Measure</b>	:								
<b>Timeframe</b>	:								

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board had adopted a Diversity Policy, which is available for reference on the Company's website at <a href="http://www.cabnet.asia">www.cabnet.asia</a></p> <p>The Board assisted by its NC and management is responsible for developing strategies to meet the objectives of the Diversity Policy, and monitoring the progress of achieving the objectives through the measures, monitoring, evaluation and reporting mechanisms.</p> <p>The Board, through NC, will conduct all Board appointment process in a manner that promotes diversity. The NC will shortlist the potential women candidate based on criterias includes, but is not limited to, skills, knowledge, expertise and experience, professionalism, integrity, ability to discharge such responsibilities/functions.</p> <p>The Board currently includes one INED of the female gender.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to upholding high standards of governance in respect of new appointments to the Board to ensure that the Board is comprised of Directors who have the necessary skills, competencies, commitment and experience to complement the efficiency and effectiveness of the Board as a whole.</p> <p>The procedures for the appointment of new Directors was adopted by the Board and is made available for reference at the Company's website at <a href="http://www.cabnet.asia">www.cabnet.asia</a>.</p> <p>The Board's NC is entrusted with the responsibility to review, propose and recommend the appointment of potential new Directors after taking into consideration the current and future needs of the Company.</p> <p>The NC which is responsible for reviewing the effectiveness of the Board as a whole, the Board Committees, the contributions of the individual Directors and the Independence of the Independent Directors, will where appropriate, make its recommendations to the Board on the need to increase the Board size, the composition, the necessary skills, calibre and experience required and where available the potential candidates for appointment.</p> <p>The NC will where practical maintain a database of potential candidates. Potential candidates can be sourced from:</p> <ul style="list-style-type: none"><li>• Existing Directors and substantial shareholders of the Company;</li><li>• Existing Senior Management employees;</li><li>• Professional bodies and organisations;</li><li>• Business associates, shareholders; and</li><li>• Others.</li></ul> <p>Upon a decision being made by the Board to appoint Directors:</p> <p>a) The NC will identify suitable candidates from its available database or sources maintained taking into consideration the required skills, competencies and experience and such other parameters as may be determined by the Board.</p> <p>b) The Chairman of the NC and the CEO or the Deputy CEO will</p>

	<p>meet with the identified candidates to assess/reassess their suitability for appointment.</p> <p>c) The identified candidate if cleared by the NC will then be recommended to the Board for appointment.</p> <p>d) Subsequent or further meetings with the candidates may be arranged to the satisfaction of the Board, should the need arise.</p> <p>e) The discretion to accept or reject a candidate rests with the full Board of Directors.</p> <p>During the Financial Year Ended 31 December 2020 ("FY 2020"), the NC meet on two occasions, including but not limited for the following purposes: -</p> <ul style="list-style-type: none"> <li>- Review and recommend the appointment of Mr Tjong Chia Huie as a NINED to the Board.</li> <li>- Review the retirement of Mr Tan Boon Siang, an ED and Deputy CEO of the Company.</li> <li>- Review and recommend of Dato' Jeffrey Lai Jiun Jye to fill the position of Deputy CEO to replace Mr Tan Boon Siang.</li> </ul>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the NC is Mr Abdul Mutalib Bin Idris, the Senior Independent Non-Executive Director, and during the FY 2020, the NC was comprised exclusively of INEDs as follows: -</p> <p>Chairman <b>ABDUL MUTALIB BIN IDRIS</b> Senior Independent Non-Executive Director</p> <p>Member <b>MEACHERY JO-ANNE JOSEPH (F)</b> Independent Non-Executive Director</p> <p>Member <b>VINCENT WONG SOON CHOY</b> Independent Non-Executive Director</p> <p>The primary responsibilities of the NC are set out in detail in its Terms of Reference which is available for reference on the Company's website at <a href="http://www.cabnet.asia">www.cabnet.asia</a></p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board had adopted a formal and objective Process for Assessing the Effectiveness of the Board as a whole, the Board Committees and Contribution of each individual Directors which is carried out annually.</p> <p>In respect of the FY 2020, the NC carried out the following activities:</p> <ul style="list-style-type: none"><li>• reviewed the profile of the Board candidates taking into consideration the qualification, expertise, experience, ethnicity, gender and independence before recommended to the Board for appointment.</li><li>• reviewed the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Company forward. The NC is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively.</li><li>• evaluated and assessed the performance and effectiveness of the Board as a whole, the Board Committees and the performance of each individual Directors in accordance with the process for evaluating and assessment approved and adopted by the Board. The evaluation process amongst others considered whether the Directors had access to all necessary information and appropriate avenues for advice to carry out their responsibilities, whether the Committees had met its purpose, whether its composition was appropriate, and whether it had the necessary authority and processes to carry out its functions and fulfil its obligations. The Board was assessed amongst other criteria, in respect of its composition, and whether the Board had the appropriate vision, mission and strategies, whether processes and procedures were adequate and efficient to enable it to carry out its responsibilities.</li></ul>

Through this process carried out by way of evaluation questionnaires, the NC concluded that the Board's dynamics were healthy and effective and that no necessary recommendations for actions were needed.

- evaluated and assessed the performance of the Performance of Chairman of the Board, the Chairman of the ARMC, NC and RC were also conducted during the scheduled meeting of NC. Each Director had abstained in the deliberation of their own evaluation.
- proposed the re-election of Directors in accordance to the Company's Constitution. Information of the directors standing for re-election is outlined in the Profile of Directors covering their details of profession, directorships in other public companies and shareholdings in the Company and their attendance of the Board meetings are set forth on pages 21 to 22 in the CABNET's 2020 Annual Report.
- evaluated and assessed the independence of the Independent Directors in accordance with the process approved and adopted by the Board. The assessment carried out by the NC apart from looking at the criteria and definition of an Independent Director set out under the AMLR, also considers:
  - whether the Independent Directors have developed, established or maintained any significant relationship which would impair their independence as an Independent Director with the EDs and Major Shareholders other than normal engagements and interactions on a professional level consistent and expected of them to carry out their duties as INEDs, Chairman or member of the Board's Committees;
  - whether the Independent Directors have engaged in any transactions with the Group; and
  - whether the Independent Directors have devoted sufficient time commitment and desire to serve.

Independence is important and crucial for ensuring objectivity and fairness in the Board's decision-making process.

The NC concluded that:

- i) The Board was in a position to draw on the benefits and experience of its Directors' in the core areas of business, legal, accounting, engineering and information technology as well as the wide and varied business experience of its Directors.

In areas where the Board may not be technically proficient, the Board would be able to garner advice from its consultants in the required field.

	<p>ii) The Board was also sufficiently balanced with the right mix of executive and INEDs.</p> <p>iii) The Board was sufficiently diverse with:</p> <ul style="list-style-type: none"> <li>• the age of the directors ranging between 41 years old to 69 years old;</li> <li>• the directors coming from different backgrounds, profession and experience; and</li> <li>• gender diverse with one member of the female gender represented in the Board.</li> </ul> <p>The NC was therefore of the opinion that no changes need to be made to the existing structure, size and composition of the present Board and accordingly made its opinion and recommendation to the Board.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board had formalised and adopted a Remuneration Policy for the Board and SM to attract and retain the Directors and SM required to lead and control the Group effectively.</p> <p>In the case of EDs and SM, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities.</p> <p>The Policy is designed with the aim to support the CABNET's key strategies and create a strong performance-oriented environment, and be able to attract, motivate and retain talent. The Remuneration Policy shall adhere to the following key principles:-</p> <ul style="list-style-type: none"> <li>• total remuneration shall be set at levels that are competitive with the relevant market and industry.</li> <li>• EDs' remuneration shall be performance-based.</li> <li>• incentive plans, performance measures and targets shall be aligned with shareholders' interest in mind.</li> <li>• provide an appropriate level of transparency to ensure the policy underlying ED, Non-Executive Directors and Senior Management remuneration is understood by investors.</li> <li>• ensure a level of equity and consistency.</li> </ul> <p>The Remuneration Policy of CABNET is available for reference on the Company's website at <a href="http://www.cabnet.asia">www.cabnet.asia</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the FY 2020, the Remuneration Committee ("RC") comprises wholly of INEDs" as follows:</p> <p>Chairman <b>DATUK TAN KOK HONG @ TAN YI</b> Independent Non-Executive Director</p> <p>Member <b>ABDUL MUTALIB BIN IDRIS</b> Senior Independent Non-Executive Director</p> <p>Member <b>VINCENT WONG SOON CHOY</b> Independent Non-Executive Director</p> <p>The primary responsibilities of the RC are set out in details in its Terms of Reference which is available for reference on the Company's website at <a href="http://www.cabnet.asia">www.cabnet.asia</a></p> <p>The Board is satisfied that the RC has effectively and efficiently discharged its roles and responsibilities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied																																																																																
<b>Explanation on application of the practice</b>	:	<p>In line with corporate governance best practice, the disclosure of the Directors' remuneration on a named basis has been made in the CABNET's 2020 Annual Report.</p> <p>The remuneration received by each of the Non-Executive Directors and EDs during FY 2020 is set out in the tables below:-</p> <p><b>Non-Executive Directors</b></p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Directors' Fees for FYE 2020 (RM'000)</th> <th>Other Allowances for FYE 2020 (RM'000)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>DATUK TAN KOK HONG @ TAN YI</td> <td>37</td> <td>3</td> </tr> <tr> <td>2.</td> <td>ABDUL MUTALIB BIN IDRIS</td> <td>36</td> <td>5</td> </tr> <tr> <td>3.</td> <td>MEACHERY JO-ANNE JOSEPH</td> <td>32</td> <td>4</td> </tr> <tr> <td>4.</td> <td>VINCENT WONG SOON CHOY</td> <td>36</td> <td>5</td> </tr> <tr> <td>5.</td> <td>TJONG CHIA HUIE <sup>(1)</sup></td> <td>15</td> <td>1</td> </tr> <tr> <td>6.</td> <td>ZHI MING <sup>(2)</sup></td> <td>8</td> <td>-</td> </tr> <tr> <td colspan="2">TOTAL</td> <td>164</td> <td>18</td> </tr> </tbody> </table> <p><b>Executive Directors</b></p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Salary (RM'000)</th> <th>Bonus (RM'000)</th> <th>Directors' Fees (RM'000)</th> <th>EPF, SOCSO &amp; EIS (RM'000)</th> <th>BIK (RM'000)</th> <th>Total (RM'000)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>TAY HONG SING (3)</td> <td>190</td> <td>13</td> <td>54</td> <td>42</td> <td>28</td> <td>327</td> </tr> <tr> <td>2.</td> <td>DATO' JEFFREY LAI JIUN JYE (3)</td> <td>209</td> <td>-</td> <td>52</td> <td>37</td> <td>-</td> <td>298</td> </tr> <tr> <td>3.</td> <td>YONG THIAM YUEN (3)</td> <td>155</td> <td>17</td> <td>30</td> <td>21</td> <td>10</td> <td>233</td> </tr> <tr> <td>4.</td> <td>TAN BOON SIANG (3)&amp;(4)</td> <td>115</td> <td>13</td> <td>27</td> <td>27</td> <td>-</td> <td>182</td> </tr> <tr> <td colspan="7">TOTAL</td> <td>1,040</td> </tr> </tbody> </table> <p><b>Notes:</b></p> <p>(1) Appointed on 26 June 2020  (2) Resigned on 19 March 2020  (3) Including remuneration from subsidiary  (4) Retired on 26 June 2020</p>	No.	Name	Directors' Fees for FYE 2020 (RM'000)	Other Allowances for FYE 2020 (RM'000)	1.	DATUK TAN KOK HONG @ TAN YI	37	3	2.	ABDUL MUTALIB BIN IDRIS	36	5	3.	MEACHERY JO-ANNE JOSEPH	32	4	4.	VINCENT WONG SOON CHOY	36	5	5.	TJONG CHIA HUIE <sup>(1)</sup>	15	1	6.	ZHI MING <sup>(2)</sup>	8	-	TOTAL		164	18	No.	Name	Salary (RM'000)	Bonus (RM'000)	Directors' Fees (RM'000)	EPF, SOCSO & EIS (RM'000)	BIK (RM'000)	Total (RM'000)	1.	TAY HONG SING (3)	190	13	54	42	28	327	2.	DATO' JEFFREY LAI JIUN JYE (3)	209	-	52	37	-	298	3.	YONG THIAM YUEN (3)	155	17	30	21	10	233	4.	TAN BOON SIANG (3)&(4)	115	13	27	27	-	182	TOTAL							1,040
No.	Name	Directors' Fees for FYE 2020 (RM'000)	Other Allowances for FYE 2020 (RM'000)																																																																															
1.	DATUK TAN KOK HONG @ TAN YI	37	3																																																																															
2.	ABDUL MUTALIB BIN IDRIS	36	5																																																																															
3.	MEACHERY JO-ANNE JOSEPH	32	4																																																																															
4.	VINCENT WONG SOON CHOY	36	5																																																																															
5.	TJONG CHIA HUIE <sup>(1)</sup>	15	1																																																																															
6.	ZHI MING <sup>(2)</sup>	8	-																																																																															
TOTAL		164	18																																																																															
No.	Name	Salary (RM'000)	Bonus (RM'000)	Directors' Fees (RM'000)	EPF, SOCSO & EIS (RM'000)	BIK (RM'000)	Total (RM'000)																																																																											
1.	TAY HONG SING (3)	190	13	54	42	28	327																																																																											
2.	DATO' JEFFREY LAI JIUN JYE (3)	209	-	52	37	-	298																																																																											
3.	YONG THIAM YUEN (3)	155	17	30	21	10	233																																																																											
4.	TAN BOON SIANG (3)&(4)	115	13	27	27	-	182																																																																											
TOTAL							1,040																																																																											

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

## 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.

<b>Application</b>	:	Applied			
<b>Explanation on application of the practice</b>	:	In line with corporate governance best practice, the disclosure of a named basis the senior management's remuneration for FY 2020 is set out in the tables below:-			
		<b>No</b>	<b>Name</b>	<b>Designation</b>	<b>Band</b>
		1.	Tan Ying Meng	Chief Technology Officer	RM200,000 to RM250,000
		2.	Koh Thain Lin	Head of Business Development	RM250,000 to RM300,000
		3.	Sim Yian Fei	Head of ELV Systems	RM150,000 to RM200,000
		4.	Kong Tze Senn	Head of Structured Cabling Works	RM150,000 to RM200,000
		5.	Seow Zhen You	Group Finance Manager	RM100,000 to RM150,000
<b>Explanation for departure</b>	:				
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>					
<b>Measure</b>	:				
<b>Timeframe</b>	:				

### **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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's ARMC is chaired by Mr Vincent Wong Soon Choy who is a member of Malaysia Institute of Accountants.</p> <p>The Chairman of the Board is Datuk Tan Kok Hong @ Tan Yi, an INED.</p> <p>As such, the Chairman of the ARMC is distinct from the Chairman of the Board. Having the positions of Board Chairman and Chairman of the ARMC assumed by different individuals allows the Board to objectively review the ARMC's findings and recommendations.</p> <p>The detailed Terms of Reference of the ARMC outlining the composition, duties and functions, authority and procedures of the ARMC are published and available on Company's website at <a href="http://www.cabnet.asia">www.cabnet.asia</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The independence, objectivity and integrity of the members of the ARMC are the key requirements which the Board of CABNET recognises as essential for an effective and independent ARMC. None of the members of the Board were former key audit partners.</p> <p>As a measure to safeguard the independence and objectivity of the audit process, the ARMC’s Terms of Reference incorporated a policy stipulation that governs the appointment of a former key audit partner to the ARMC.</p> <p>The policy, which is codified in the ARMC’s Terms of Reference, requires a former key audit partner to observe a cooling-off period of at least two (2) years before he can be considered for appointment as a Committee member.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The ARMC and Board has adopted a procedure and process to be undertaken annually to assess the suitability, objectivity and independence of the external auditors.</p> <p>The ARMC carried out an assessment of the performance and suitability of Messrs RSM Malaysia based on an assessment questionnaire which took into consideration assessment criteria such as the quality of services which covered the understanding of the business operations, audit management team continuity, make recommendations to help/improve business/processes, deliver effective presentation and reports, achieve expectation of the Company, improvement compared to previous year performance, meeting deadlines and relationship with the Management and other parties.</p> <p>Messrs RSM Malaysia were also requested to furnish a declaration of their Independence to the Company as part of these procedures. Messrs RSM Malaysia had indicated their willingness to seek re-appointment as External Auditors for the financial year ending 31 December 2021.</p> <p>The ARMC has been generally satisfied with the independence, performance and suitability of Messrs RSM Malaysia based on the assessment and are recommending to the Board and shareholders for approval for the re-appointment of Messrs RSM Malaysia as External Auditors for the Financial Year Ending 31 December 2021.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	During the FY 2020, the ARMC of CABNET is comprised solely of INEDs as follows:  Chairman <b>VINCENT WONG SOON CHOY</b> Independent Non-Executive Director  Member <b>ABDUL MUTALIB BIN IDRIS</b> Senior Independent Non-Executive Director  Member <b>MEACHERY JO-ANNE JOSEPH (F)</b> Independent Non-Executive Director

## 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.

<b>Application</b>	:	Applied																					
<b>Explanation on application of the practice</b>	:	<p>The composition of the ARMC is a stated under Practice 8.4 above. Members of the ARMC possess a wide range of skills and experience derived from their core background professions in law, business, accounting, financial and commercial disciplines.</p> <p>The Board is satisfied with the performance of the ARMC and each of its members and that they had carried out their duties in accordance with the terms of reference of the ARMC.</p> <p>The Chairman and members of the ARMC are financially literate, and have carried out their duties in accordance with the Terms of Reference of the ARMC.</p> <p>Trainings attended by the ARMC members during FY 2020 are:</p> <table border="1"><thead><tr><th>ARMC</th><th>Topic/ Organising Entity</th><th>Date</th></tr></thead><tbody><tr><td>MR VINCENT WONG SOON CHOY</td><td>Preparing capital statements, taxation of shadow economy and how to handle tax appeals.</td><td>10.09.2020</td></tr><tr><td></td><td>Covid-19 Take-Overs, Mergers and Privatisations</td><td>15.10.2020</td></tr><tr><td></td><td>Webinar on Budget 2021 (Session 1)</td><td>18.11.2020</td></tr><tr><td></td><td>Training on SST and Withholding Tax</td><td>14.12.2020</td></tr><tr><td></td><td>Corporate Liability introduced under Section 17A of the Malaysian Anti-Corruption Commission Act 2009</td><td>17.12.2020</td></tr><tr><td>MR ABDUL MUTALIB BIN IDRIS</td><td>Training on SST and Withholding Tax.</td><td>14.12.2020</td></tr></tbody></table>	ARMC	Topic/ Organising Entity	Date	MR VINCENT WONG SOON CHOY	Preparing capital statements, taxation of shadow economy and how to handle tax appeals.	10.09.2020		Covid-19 Take-Overs, Mergers and Privatisations	15.10.2020		Webinar on Budget 2021 (Session 1)	18.11.2020		Training on SST and Withholding Tax	14.12.2020		Corporate Liability introduced under Section 17A of the Malaysian Anti-Corruption Commission Act 2009	17.12.2020	MR ABDUL MUTALIB BIN IDRIS	Training on SST and Withholding Tax.	14.12.2020
ARMC	Topic/ Organising Entity	Date																					
MR VINCENT WONG SOON CHOY	Preparing capital statements, taxation of shadow economy and how to handle tax appeals.	10.09.2020																					
	Covid-19 Take-Overs, Mergers and Privatisations	15.10.2020																					
	Webinar on Budget 2021 (Session 1)	18.11.2020																					
	Training on SST and Withholding Tax	14.12.2020																					
	Corporate Liability introduced under Section 17A of the Malaysian Anti-Corruption Commission Act 2009	17.12.2020																					
MR ABDUL MUTALIB BIN IDRIS	Training on SST and Withholding Tax.	14.12.2020																					

	MISS MEACHERY JO-ANNE JOSEPH	Training on SST and Withholding Tax.  Corporate Liability introduced under Section 17A of the Malaysian Anti-Corruption Commission Act 2009	14.12.2020  17.12.2020
<b>Explanation for departure</b> :			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b> :			
<b>Timeframe</b> :			

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board affirms its overall responsibility for maintaining a sound governance, risk management and internal control systems and for reviewing their adequacy and effectiveness so as to provide assurance on the achievement of the Group's mission, vision, core values, strategies and business objectives as well as to safeguard all its stakeholders' interests and protecting the Group's assets. The Board is to establish risk appetite of the Group based on the strategies, business objectives, internal and external business context, business nature and corporate lifecycle.</p> <p>The Board recognises risk management as an integral part of system of internal control and good management practice in pursuit of its strategic objectives. The Board maintained an on-going commitment for identifying, evaluating and managing significant risks faced by the Group systematically during the financial year under review.</p> <p>The Board delegates the duty of identification, assessment and management of key business risks to the Risk Management Committee while the Audit and Risk Management Committee ("ARMC") is delegated with board oversight function whereby ARMC is assigned with the duty to review and to provide assurance to the Board on the adequacy and effectiveness of risk management and internal control system of the Group respectively, vide Risk Management Handbook and Terms of Reference respectively as approved by the Board. Internal control and risk-related matters which warranted the attention of the Board were recommended by the ARMC to the Board for its deliberation and approval. In addition, the Board has an effective oversight over the audit findings and recommendations highlighted by outsourced internal audit function as well as the external auditors.</p> <p>The Board had put in place a structured Risk Management Handbook, as the governance structure and processes for the risk management on enterprise wide, in order to embed the risk management practice into all levels of the Group and to manage key business risks faced by the Group adequately and effectively as second-line -of-defense.</p>

	<p>The Group's internal audit function has been outsourced to an external consultant which reports directly to the ARMC.</p> <p>The internal audit function currently reviews and appraises the risk management and internal control processes of the Group. The Statement on Risk Management and Internal Control set out on pages 36 to 42 in the CABNET's 2020 Annual Report provides an overview of the Group's approach to ensuring the effectiveness of the risk management and internal processes within the Group.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Risk assessment, monitoring and review of the various risks faced by the Group are continuous processes within the key operating units, with the Risk Management Committee (a Management Level Committee) playing a pivotal oversight function as delegated by the Board.</p> <p>The Risk Management Handbook was put in place which was developed and customised based on the foundation of the Federation of European Risk Management Associations (“FERMA”) 2002 (Risk Management Standard framework) and 31000 Risk Management in view of adopting the practices with the Group’s distinct operations and environment.</p> <p>The Risk Management Handbook established lays down the risk management’s objectives and processes established by the Board with formalised governance structure of the risk management activities of the Group.</p> <p>Further details are contained in the Statement of Risk Management and Internal Control which is on pages 36 to 42 of the CABNET’s 2020 Annual Report.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	: Not Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board had opted to combine the roles of a Risk Management Committee with the Audit Committee in view of the current size and level of operation of the Group.</p> <p>The roles and functions of a Risk Management Committee has been integrated with the ARMC since the formation of ARMC on 12 April 2016. The ARMC and Board is further assisted by a Risk Management Committee (which is set up as a Management Level Committee) led by the CEO and comprised of senior management personnel to oversee the Group's risk management structure and framework.</p> <p>The ARMC comprises three (3) members which is comprised of wholly of INEDs.</p> <p>The Board notes the views expressed by Bursa Malaysia's that the Company's practice of combining the Risk Management with the Audit Committee does not meet the requirements of the step-up Practice 9.3.</p> <p>The Board having reviewed the current composition of the Board and taking into consideration of the current size and level of operation of the Group, is of the view that the combination of a Risk Management Committee with the Audit Committee is deemed a practical and effective approach and will maintain this practice.</p> <p>The Board will undertake an annual review to determine its sustainability and continuation after taking into consideration any changes to the dynamics concerned.</p>

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>CABNET's internal audit function is outsourced to a professional services firm, to assist the Board and ARMC in providing an independent assessment on the adequacy, efficiency and effectiveness of the CABNET Group's internal control system.</p> <p>During the FY 2020, the outsourced internal audit function carried out audits in accordance with the internal audit plan approved by the ARMC. The internal audit plan was developed taking into consideration the Group's risk profiles and concerns of Executive Management and the ARMC.</p> <p>To support the ARMC in discharging their responsibilities, the Internal Auditors reports directly to the ARMC. The Management also will update the ARMC on the implementation status of the recommendations under previous Internal Audit Report at ARMC meetings.</p> <p>The ARMC carried out an assessment of the performance of Internal Auditors by considering and reviewing the Internal Auditors' qualifications and experience, resources availability and competency, independence, scopes and functions of the Internal Auditors and collaboration with External Auditors.</p> <p>Further details of the internal audit activities are set out in the Audit and Risk Management Committee Report and Statement on Risk Management and Internal Control of the CABNET's 2020 Annual Report.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The review of the adequacy and effectiveness of the CABNET Group’s risk management and internal control systems is outsourced to an independent professional firm, namely, NeedsBridge Advisory Sdn Bhd, who, through the ARMC, provides the Board with much of the assurance it requires in respect of the adequacy and effectiveness of the Group’s system on the risk management and internal control.</p> <p>The outsourced internal audit function is reporting to the ARMC directly and the engagement director, Mr. Pang Nam Ming, is a Certified Internal Auditor and Certification in Risk Management Assurance accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework, i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global. During the financial year under review, the resources allocated to the fieldworks of the internal audit by the outsourced internal audit function were one (1) manager and assisted by at least one (1) senior consultant and one (1) consultant per one (1) engagement with oversight performed by the director.</p> <p>The audit engagement of the outsourced internal audit function is governed by the engagement letter with key terms that include purpose and scope of works, accountability, independence, the outsourced internal audit function’s responsibilities, the management’s responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The appointment and resignation of the internal audit function as well as the proposed audit fees are subject to review and approval by the ARMC for its reporting to the Board for ultimate approval.</p>

	To preserve the independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of Management, decide and implement management action plan, perform on-going internal control monitoring activities (except for follow up on progress of action plan implementation), authorise and execute transactions, prepare source documents on transactions, have custody of assets or act in any capacity equivalent to a member of the Management or the employee.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of communications with its stakeholders and is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.</p> <p>CABNET Investor Relations ("IR") play its role to ensure proper channels of communication between CABNET and the stakeholders.</p> <p>The Board has in place the Stakeholders Communication Policy which sets out the aims and practices of the Company in respect of communicating with its shareholders (both current and prospective) and the Corporate Disclosure Policy:</p> <ul style="list-style-type: none"><li>• To promote and elevate a high standard of integrity and transparency through timely comprehensive, accurate, quality and full disclosure.</li><li>• To promote and maintain market integrity and investor confidence.</li><li>• To exercise due diligence to ensure the veracity of the information being disseminated is factual, accurate, clear, timely and comprehensive.</li><li>• To build good relationship with all stakeholders based on transparency, openness, trust and confidence.</li><li>• To have in place efficient procedures for management of information, which promotes accountability for the disclosure of material information.</li></ul> <p>During FY 2020, the Boards ensured the supply of clear, comprehensive and timely information to the stakeholders via the following manners:</p> <ol style="list-style-type: none"><li>a) Publication of 2019 annual report;</li><li>b) Provide all relevant disclosures including quarterly financial results of the CABNET Group by way of announcement through Bursa link;</li></ol>

	<p>c) Frequent updating of information relevant to Investor Relations, such as annual report, corporate governance report, financial results and announcements through the Company's corporate website; and</p> <p>d) Engagement with stakeholders through 2020 Annual General Meeting ("AGM") where the Chairman highlighted to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and review of the performance of the company during AGM.</p> <p>The detailed Stakeholders Communication Policy and Corporate Disclosure Policy are available on the Company's website at <a href="http://www.cabnet.asia">www.cabnet.asia</a></p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company is not a Large Company as defined by the MCGG 2017.	
		The Company has not adopt integrated reporting based on the globally recognised framework as it is not a statutory requirement	
		In addition, the annual report presently contains financial and non-financial information which provides a fairly comprehensive overview of the Group.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 6<sup>th</sup> AGM of CABNET will be held on 28 May 2021. The notice dispatches at least 28 days prior to the date of the AGM, well in advance of the 21 day requirement under the Companies Act 2016 and AMLR, which allows sufficient time for the shareholders to consider the proposed resolutions to be tabled at the AGM.</p> <p>In addition, the notice of CABNET AGM also included details and relevant explanatory notes to the resolutions proposed to enable the shareholders to make informed decisions in exercising their voting rights.</p> <p>CABNET's 2020 Annual Report together with the Notice of the 6<sup>th</sup> AGM dated 28 April 2021 will be available on the Company's website at <a href="http://www.cabnet.asia">www.cabnet.asia</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The 5<sup>th</sup> AGM of CABNET held on 26 June 2020 was conducted physically at Hop Sing II, Ponderosa Golf &amp; Country Club, No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100 Johor Bahru, Johor.</p> <p>All Directors except for Datuk Tan Kok Hong @ Tan Yi, including members of ARMC, NC and RC, attended the 5<sup>th</sup> AGM of CABNET held on 26 June 2020 to interact directly with the Company's shareholders. The Management and the External Auditors were also present to answer any relevant shareholder's queries.</p> <p>The absence of Datuk Tan Kok Hong @ Tan Yi was to adhere and to the comply with standard operating procedures issued by the Malaysia National Security Council (MKN) on 17 June 2020 in respect of the organization of functions by the government and private sector in relation to the holdings of meetings, seminar, workshop, conferences and etc which only allows participants with in the ages between 18 to 60 years old.</p> <p>Mr Vincent Wong Soon Choy had been elected to Chair the 5<sup>th</sup> AGM in the absence of Datuk Tan Kok Hong @ Tan Yi.</p> <p>During the question and answer session, the Chairman opened the floor to the shareholders to raise questions related to the Company's financial statements and any other items on the meeting's Agenda, before putting the resolutions to vote. The summary of key matter discussed, if any, will be published on the Company website in accordance to the requirement of the AMLR.</p> <p>The presence of all directors except Datuk Tan Kok Hong @ Tan Yi presented opportunities for the shareholders to engage with each Director and also allowed the shareholders to raise questions and concerns directly to the Directors.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:	The forthcoming 6 <sup>th</sup> AGM will be a virtual meeting held and broadcast live. All Directors, including members of ARMC, NC and RC would be invited to attend and participate at forthcoming 6 <sup>th</sup> AGM of CABNET.	
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In view of the present Coronavirus Pandemic (COVID-19) outbreak and the Government’s announcements relating to the various Movement Control Order, CABNET’s 6<sup>th</sup> AGM will be held on 28 May 2021 by leveraging on current available technology.</p> <p>The AGM on 28 May 2021 will be a virtual meeting held and broadcast live via Remote Participating and Voting Platform and shareholders will be able to participate and exercise their votes via their computers or mobile device from any location.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.*

Click here to enter text.