

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0191
COMPANY NAME : CABNET HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("the Board") of Cabnet Holdings Berhad ("CABNET" or "the Company") takes full responsibility for the oversight and overall performance of the CABNET Group ("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 are responsible for bringing independent judgment 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 judgment objectively and act in the best interest of the Group, its stakeholders and shareholders, including minority shareholders. 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. All committees have written terms of reference which is made available for reference at the Company's website at www.cabnet.asia. These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of</p>

	<p>the respective Committees will 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>The Board has assumed the following principal responsibilities in discharging its fiduciary duties:</p> <ul style="list-style-type: none"> a) Reviewing and adopting the strategic plan of the Company; b) Overseeing and evaluating the conduct of the Company’s business; c) Identifying principal risks and ensure that the risks are properly managed; d) Establishing a succession planning; e) Developing and implementing an investors relations programme or shareholders communication policy; f) Reviewing the adequacy and integrity of the Company’s internal control systems and management information systems including compliance with applicable laws and regulations; g) Carrying out periodic review of the Group’s financial performance and operating results and major capital commitments; and h) Reviewing and approving any major corporate proposals, new business ventures or joint ventures of the Group.
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Practice 1.2

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

Application	: Applied
Explanation on application of the practice	<p>CABNET's 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 is defined and set out in the Board Charter which is made available for reference at the Company's website at www.cabnet.asia. 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">a) leading the Board in setting the values and standards of the Company;b) maintaining a relationship of trust with and between the Executive and Non-Executive Directors;c) ensuring the provision of accurate, timely and clear information to Directors;d) ensuring effective communication with shareholders and relevant stakeholders;e) arranging regular evaluation of the performance of the Board, its Committees and individual Directors;f) facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors. <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">• all Directors are properly briefed on issues arising at Board meetings;• sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal

	<p>meetings beforehand to enable thorough preparation for the Board discussions; and</p> <ul style="list-style-type: none"> the issues discussed are forward looking and concentrate on strategy.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>CABNET's Board is led by an Independent Non-Executive Chairman and supported by three (3) Executive Directors, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors.</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 www.cabnet.asia.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by two (2) External Company Secretaries. Both Company Secretaries of CABNET are qualified to act as Company Secretary under Section 235 of the Companies Act 2016, of which one is a Fellow Member and the other, an Associate Member of the Malaysian Institute of Chartered Secretaries & 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 assist 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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>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 4th 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>
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	:	<p>The roles and responsibilities of the Board and Management, the Board Committees and the individual Directors are set out in the Board Charter which is accessible through the Company's website at www.cabnet.asia. The Board Charter will be reviewed as and when required, to ensure that it remains relevant and in line with recommended practices and legislations.</p> <p>The Board intends to undertake a review of the Board Charter in financial year 2018 to take into consideration, the new Malaysian Code of Corporate Governance 2017 as well as amendments to the Ace Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities")</p> <p>On 23 February 2018 the Board has adopted new policies and made it available on CABNET's website at www.cabnet.asia as follows:</p> <ul style="list-style-type: none">• Board Corporate Disclosure Policy• Board's Procedures for Appointment of Directors• Remuneration Policy• Code of Conduct and Business Ethics Policy• Continuing Education Policy• Gender Diversity Policy• Policy on Related Party Transaction and Recurrent Related Party Transaction• Shareholders Communication Policy• Whistle-Blowing Policy <p><u>Board Commitment</u></p> <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</p>

and its operating subsidiaries, governance matters and other business development matters.

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 4th quarter Board meeting to aid and facilitate the Directors in scheduling and meeting their time commitments.

The Executive Directors 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.

The attendance record of the Directors at Board and Committee meetings during the Financial Year Ended 31 December 2017 (“FY2017”) is set out below:

Name of Director	Attendance			
	Board	ARMC	NC	RC
DATUK TAN KOK HONG @ TAN YI <i>Independent Non-Executive Chairman</i>	4/4	3/3	2/2	2/2
TAY HONG SING <i>Executive Director/CEO</i>	4/4	-	-	-
TAN BOON SIANG <i>Executive Director/ Deputy CEO</i>	4/4	-	-	-
YONG THIAM YUEN <i>Executive Director/ COO (Appointed on 30.11.2017)</i>	-	-	-	-
LIM MING KEE <i>Independent Non-Executive Director</i>	4/4	3/3	2/2	2/2
LOO YONG PENG <i>Independent Non-Executive Director</i>	4/4	3/3	2/2	2/2
MEACHERY JO-ANNE JOSEPH (F) <i>Independent Non-Executive Director (Appointed on 20.03.2018)</i>	-	-	-	-
ABDUL MUTALIB BIN IDRIS	-	-	-	-

	<i>Independent Non-Executive Director (Appointed on 20.03.2018)</i>																			
	XIE FENG <i>Non-Independent Non-Executive Director (Appointed on 20.03.2018)</i>	-	-	-	-															
<i>Note: ARMC – Audit and Risk Management Committee; NC – Nomination Committee; RC – Remuneration Committee</i>																				
<u>Directors’ Training</u>																				
<p>The Board of CABNET recognises that it is imperative that directors devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes and had adopted a Board Policy on Continuing Education on 23 February 2018 to set forth the elements of continuing education for Board members in addition to the initial induction process to ensure that Board members maintain and update their skills and knowledge necessary to meet their obligations.</p>																				
<p>No formal assessment of the training needs of each Director was undertaken, the Directors were encouraged to attend relevant training programmes/seminars/briefings to further enhance their skills and knowledge in the latest statutory and regulatory requirements as well as to keep abreast with the business development to assist them in discharging their duties as Directors.</p>																				
<p>Details of the Directors attendance of training programs/seminars/workshops/briefing during FY2017 are as follows:-</p>																				
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Date</th> <th style="text-align: center;">Topic/ Organising Entity</th> <th style="text-align: center;">Directors Attended</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">27 & 28 July 2017</td> <td>Mandatory Accreditation Programme</td> <td>Datuk Tan Kok Hong @ Tan Yi, Loo Yong Peng, Tan Boon Siang and Tay Hong Sing</td> </tr> <tr> <td style="text-align: center;">24 August 2017</td> <td>Decoding Transaction and RPT Rules and Key Disclosure Obligations of a Listed Company by CKM Advisory Sdn Bhd</td> <td>Lim Ming Kee</td> </tr> <tr> <td style="text-align: center;">26 October 2017</td> <td>Advocacy Sessions on Corporate Disclosure for Directors and Principal Officers of Listed Issuers</td> <td>Lim Ming Kee</td> </tr> <tr> <td style="text-align: center;">27 November 2017</td> <td>2018 Budget Seminar</td> <td>Lim Ming Kee</td> </tr> </tbody> </table>						Date	Topic/ Organising Entity	Directors Attended	27 & 28 July 2017	Mandatory Accreditation Programme	Datuk Tan Kok Hong @ Tan Yi, Loo Yong Peng, Tan Boon Siang and Tay Hong Sing	24 August 2017	Decoding Transaction and RPT Rules and Key Disclosure Obligations of a Listed Company by CKM Advisory Sdn Bhd	Lim Ming Kee	26 October 2017	Advocacy Sessions on Corporate Disclosure for Directors and Principal Officers of Listed Issuers	Lim Ming Kee	27 November 2017	2018 Budget Seminar	Lim Ming Kee
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27 November 2017	2018 Budget Seminar	Lim Ming Kee																		
Explanation for departure	:																			

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

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>CABNET's 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. The Board through the Nomination Committee will periodically review the Code which is available for reference on the Company's website at www.cabnet.asia.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 Board has also 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. The WBP is available for reference on the Company’s website at www.cabnet.asia .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board of CABNET, comprises nine (9) Directors i.e. five (5) Independent Non-Executive Directors (“INEDs”), one (1) Non-Independent Non-Executive Director and three (3) Executive Directors, who also serves as the Chief Executive Officer, Deputy Chief Executive Officer and Chief Operating Officer respectively.</p> <p>All the five (5) INEDs satisfy the independence test under the AMLR of Bursa Securities. They constitute a majority of the current Board structure.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

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

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied																										
Explanation on application of the practice	:	<p>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. 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. The current Board is drawn from different ethnic, cultural and socio-economic background with their age ranging from 40 years to 66 years to ensure that different viewpoints are considered in the decision making process.</p> <p>The Board's current diversity is summarised below: -</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Race/ Ethnicity</th> <th colspan="3">Age Group</th> <th colspan="2">Gender</th> </tr> <tr> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>40-49</th> <th>50-59</th> <th>60-69</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>1</td> <td>7</td> <td>1</td> <td>3</td> <td>5</td> <td>1</td> <td>8</td> <td>1</td> </tr> </tbody> </table> <p>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 Gender Diversity Policy and is made available for reference on the Company's website at www.cabnet.asia</p> <p>The Board currently includes one Independent Non-Executive Director of the female gender.</p>		Race/ Ethnicity			Age Group			Gender		Malay	Chinese	Indian	40-49	50-59	60-69	Male	Female	Number of Directors	1	7	1	3	5	1	8	1
	Race/ Ethnicity			Age Group			Gender																					
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Measure	:																											

Timeframe	:		
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Intended Outcome

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

Practice 4.5

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	:	CABNET Board has adopted a Gender Diversity Policy which is available for reference on the Company's website at www.cabnet.asia . In compliance with the best practice of the Malaysian Code of Corporate Governance, the Board had on 20 March 2018 appointed an Independent Non-Executive Director of the female gender to the Board. 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. Currently, CABNET's key management also includes 1 female member.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	: Applied
Explanation on application of the practice	<p>The Board is 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 Board had adopted the following procedures for the appointment of new Directors effective from 23 February 2018.</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">• Existing Directors and substantial shareholders of the Company;• Existing Senior Management employees;• Professional bodies and organisations;• Business associates, shareholders; and• Others. <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 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>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The membership classification of the NC is set out in its Terms of Reference. The Chairman of the NC is the Independent Director, Datuk Tan Kok Hong @ Tan Yi, and comprised exclusively of Independent Non-Executive Directors as follows:</p> <p>Chairman DATUK TAN KOK HONG @ TAN YI <i>Independent Non-Executive Director</i></p> <p>Members LIM MING KEE <i>Independent Non-Executive Director</i></p> <p>LOO YONG PENG <i>Independent Non-Executive Director</i> <i>(Ceased as a member with effect from 20.03.2018)</i></p> <p>MEACHERY JO-ANNE JOSEPH (F) <i>Independent Non-Executive Director</i> <i>(Appointed on 20.03.2018)</i></p> <p>The primary responsibilities of the NC are set out in detail in its Term of Reference which is available for reference on the Company's website at www.cabnet.asia.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC carries out the Board Evaluation exercise annually.</p> <p>In respect of the FY2017, the NC carried out the following activities:</p> <ul style="list-style-type: none">• 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.• 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.• 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. <p>Through this process carried out by way of evaluation questionnaires, the NC concluded that the Board's dynamics were</p>

healthy and effective and that no necessary recommendations for actions were needed.

- 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 of Bursa Securities, 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 Executive Directors and Major Shareholders other than normal engagements and interactions on a professional level consistent and expected of them to carry out their duties as Independent Non-Executive Directors, 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.

- ii) The Board was also sufficiently balanced with the right mix of executive and Independent Non-Executive Directors.

- iii) The Board was sufficiently diverse with:

- the age of the directors ranging between 40 years to 66 years;
- the directors coming from different backgrounds, profession and experience; and
- gender diverse with one member of the female gender represented in the Board.

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.

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

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had formalised and adopted a Remuneration Policy for the Board and Senior Management to attract and retain the Directors and Senior Management required to lead and control the Group effectively. In the case of Executive Director ("ED") and Senior Management, 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">• total remuneration shall be set at levels that are competitive with the relevant market and industry.• EDs' remuneration shall be performance-based.• incentive plans, performance measures and targets shall be aligned with shareholders' interest in mind.• provide an appropriate level of transparency to ensure the policy underlying EDs', Non-Executive Directors and Senior Managements remuneration is understood by investors.• ensure a level of equity and consistency. <p>The Remuneration Policy of CABNET is available for reference on the Company's website at www.cabnet.asia.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee ("RC") comprises wholly of Independent Non-Executive Directors ("INEDs") as follows:</p> <p>Chairman DATUK TAN KOK HONG @ TAN YI <i>Independent Non-Executive Director</i></p> <p>Members LIM MING KEE <i>Independent Non-Executive Director</i></p> <p>LOO YONG PENG <i>Independent Non-Executive Director</i> <i>(Ceased as a member with effect from 20.03.2018)</i></p> <p>ABDUL MUTALIB BIN IDRIS <i>Independent Non-Executive Director</i> <i>(Appointed on 20.03.2018)</i></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 www.cabnet.asia.</p> <p>The Board is satisfied that the RC has effectively and efficiently discharged its roles and responsibilities.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 7.1

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

Application	:	Applied																																																																			
Explanation on application of the practice	:	<p>In line with corporate governance best practice, the disclosure of the Directors' remuneration on a named basis has been made in the CABNET's 2017 Annual Report.</p> <p>The remuneration received by each of the Non-Executive Directors and Executive Directors during FY2017 is set out in the tables below:-</p> <p>Non-Executive Directors</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Directors' Fees for FY 2017</th> <th>Other Allowances for FY 2017</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>DATUK TAN KOK HONG @ TAN YI</td> <td>RM27,334.00</td> <td>RM3,000.00</td> </tr> <tr> <td>2.</td> <td>LIM MING KEE</td> <td>RM23,334.00</td> <td>RM3,000.00</td> </tr> <tr> <td>3.</td> <td>LOO YONG PENG</td> <td>RM22,001.00</td> <td>RM3,000.00</td> </tr> <tr> <td>4.</td> <td>MEACHERY JO-ANNE JOSEPH ⁽¹⁾</td> <td>-</td> <td>-</td> </tr> <tr> <td>5.</td> <td>ABDUL MUTALIB BIN IDRIS ⁽¹⁾</td> <td>-</td> <td>-</td> </tr> <tr> <td>6.</td> <td>XIE FENG ⁽¹⁾</td> <td>-</td> <td>-</td> </tr> <tr> <td colspan="2">TOTAL</td> <td>RM72,669.00</td> <td>RM9,000.00</td> </tr> </tbody> </table> <p>Executive Directors</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Salary</th> <th>Directors' Fees</th> <th>EPF & SOCSO</th> <th>BIK</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>TAY HONG SING ⁽²⁾</td> <td>RM236,000</td> <td>RM36,000</td> <td>RM40,305</td> <td>-</td> <td>RM312,305</td> </tr> <tr> <td>2.</td> <td>TAN BOON SIANG ⁽²⁾</td> <td>RM236,000</td> <td>RM36,000</td> <td>RM40,305</td> <td>-</td> <td>RM312,305</td> </tr> <tr> <td>3.</td> <td>YONG THIAM YUEN ^{(2)&(3)}</td> <td>RM13,000</td> <td>RM2,500</td> <td>RM1,629</td> <td>RM1,996</td> <td>RM19,125</td> </tr> <tr> <td colspan="6">TOTAL</td> <td>RM643,735</td> </tr> </tbody> </table> <p>Notes: ⁽¹⁾ Appointed on 20 March 2018 ⁽²⁾ Including remuneration from subsidiary ⁽³⁾ Appointed on 30 November 2017</p>	No.	Name	Directors' Fees for FY 2017	Other Allowances for FY 2017	1.	DATUK TAN KOK HONG @ TAN YI	RM27,334.00	RM3,000.00	2.	LIM MING KEE	RM23,334.00	RM3,000.00	3.	LOO YONG PENG	RM22,001.00	RM3,000.00	4.	MEACHERY JO-ANNE JOSEPH ⁽¹⁾	-	-	5.	ABDUL MUTALIB BIN IDRIS ⁽¹⁾	-	-	6.	XIE FENG ⁽¹⁾	-	-	TOTAL		RM72,669.00	RM9,000.00	No.	Name	Salary	Directors' Fees	EPF & SOCSO	BIK	Total	1.	TAY HONG SING ⁽²⁾	RM236,000	RM36,000	RM40,305	-	RM312,305	2.	TAN BOON SIANG ⁽²⁾	RM236,000	RM36,000	RM40,305	-	RM312,305	3.	YONG THIAM YUEN ^{(2)&(3)}	RM13,000	RM2,500	RM1,629	RM1,996	RM19,125	TOTAL						RM643,735
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Explanation for departure	:																																																																				

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

Measure :		
Timeframe :		

Intended Outcome

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	:	Applied																														
Explanation on application of the practice	:	In line with corporate governance best practice, the disclosure of a named basis the top five senior management's remuneration for FY2017 is set out in the tables below:-																														
		<table border="1"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Designation</th> <th>Band</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Tan Ying Meng</td> <td>Chief Technology Officer</td> <td>RM150,000 to RM200,000</td> </tr> <tr> <td>2.</td> <td>Koh Thain Lin</td> <td>Head of Business Development</td> <td>RM150,000 to RM200,000</td> </tr> <tr> <td>3.</td> <td>Pauline Loh Yen Ping</td> <td>Chief Financial Officer</td> <td>RM100,000 to RM150,000</td> </tr> <tr> <td>4.</td> <td>Sim Yian Fei</td> <td>Head of ELV Systems</td> <td>RM100,000 to RM150,000</td> </tr> <tr> <td>5.</td> <td>Kong Tze Senn</td> <td>Head of Structured Cabling Works</td> <td>RM100,000 to RM150,000</td> </tr> <tr> <td>6.</td> <td>Yong Thiam Yuen ⁽¹⁾</td> <td>Chief Operating Officer</td> <td>RM100,000 to RM150,000</td> </tr> </tbody> </table>			No.	Name	Designation	Band	1.	Tan Ying Meng	Chief Technology Officer	RM150,000 to RM200,000	2.	Koh Thain Lin	Head of Business Development	RM150,000 to RM200,000	3.	Pauline Loh Yen Ping	Chief Financial Officer	RM100,000 to RM150,000	4.	Sim Yian Fei	Head of ELV Systems	RM100,000 to RM150,000	5.	Kong Tze Senn	Head of Structured Cabling Works	RM100,000 to RM150,000	6.	Yong Thiam Yuen ⁽¹⁾	Chief Operating Officer	RM100,000 to RM150,000
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		<p><u>Notes:</u></p> <p>(1) Appointed as an Executive Director of CABNET on 30 November 2017. Remuneration received here is for the period from January to November 2017.</p>																														
Explanation for departure	:																															
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																																
Measure	:																															
Timeframe	:																															

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit and Risk Management Committee ("ARMC") of CABNET comprised wholly of Independent Non-Executive Directors.</p> <p>The ARMC Chairman, Mr Lim Ming Kee is a member of the Malaysian Institute of Accountants. He is not the Chairman of the Board.</p> <p>The Chairman of the Board is Datuk Tan Kok Hong @ Tan Yi, an Independent Non-Executive Director.</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 the Company's website at www.cabnet.asia.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is 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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	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.	
		The ARMC will look into the amendment to the Terms of Reference of the ARMC to include the requirements for former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the ARMC.	
<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	:	<p>The ARMC carried out an assessment of the performance and suitability of Messrs Crowe Horwath based on the quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit. The ARMC has been generally satisfied with the independence, performance and suitability of Messrs Crowe Horwath based on the assessment.</p> <p>On 23 February 2018, Messrs Crowe Horwath had indicated their intention not to seek re-appointment as External Auditors for the Financial Year Ending 31 December 2018. The ARMC had subsequently met and considered the proposed nomination of a new external auditors nominated by a shareholder, Messrs RSM Malaysia in place of the retiring Auditors, Messrs Crowe Horwath, for recommendation to the shareholders approval at the forthcoming 3rd Annual General Meeting ("AGM").</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The ARMC of CABNET comprised wholly of Independent Non-Executive Directors as follows:</p> <p>Chairman LIM MING KEE <i>Independent Non-Executive Director</i></p> <p>Member DATUK TAN KOK HONG @ TAN YI <i>Independent Non-Executive Director</i> <i>(Ceased as a member with effect from 20.03.2018)</i></p> <p>LOO YONG PENG <i>Independent Non-Executive Director</i> <i>(Ceased as a member with effect from 20.03.2018)</i></p> <p>ABDUL MUTALIB BIN IDRIS <i>Independent Non-Executive Director</i> <i>(Appointed on 20.03.2018)</i></p> <p>MEACHERY JO-ANNE JOSEPH (F) <i>Independent Non-Executive Director</i> <i>(Appointed on 20.03.2018)</i></p>

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied												
Explanation on application of the practice	:	<p>The assessment of Performance of ARMC is conducted annually.</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>Training attended by the ARMC members during 2017 are:</p> <table border="1"><thead><tr><th>ARMC</th><th>Topic/ Organising Entity</th><th>Date</th></tr></thead><tbody><tr><td>MR LIM MING KEE <i>(Chairman)</i> <i>Independent Non-Executive Director</i></td><td>Decoding Transaction and RPT Rules and Key Disclosure Obligations of a Listed Company by CKM Advisory Sdn Bhd</td><td>24 August 2017</td></tr><tr><td></td><td>Advocacy Sessions on Corporate Disclosure for Directors and Principal Officers of Listed Issuers</td><td>26 October 2017</td></tr><tr><td></td><td>2018 Budget Seminar</td><td>27 November 2017</td></tr></tbody></table>	ARMC	Topic/ Organising Entity	Date	MR LIM MING KEE <i>(Chairman)</i> <i>Independent Non-Executive Director</i>	Decoding Transaction and RPT Rules and Key Disclosure Obligations of a Listed Company by CKM Advisory Sdn Bhd	24 August 2017		Advocacy Sessions on Corporate Disclosure for Directors and Principal Officers of Listed Issuers	26 October 2017		2018 Budget Seminar	27 November 2017
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	DATUK TAN KOK HONG @ TAN YI <i>(Ceased as a member with effect from 20 March 2018)</i> <i>(Member)</i> <i>Independent Non-Executive Director</i>	Mandatory Programme	Accreditation	27 & 28 July 2017
	LOO YONG PENG <i>(Ceased as a member with effect from 20 March 2018)</i> <i>(Member)</i> <i>Independent Non-Executive Director</i>	Mandatory Programme	Accreditation	27 & 28 July 2017
	MR ABDUL MUTALIB BIN IDRIS <i>(Appointed on 20.03.2018)</i> <i>(Member)</i> <i>Independent Non-Executive Director</i>	-		-
	MISS MEACHERY JO-ANNE JOSEPH <i>(Appointed on 20.03.2018)</i> <i>(Member)</i> <i>Independent Non-Executive Director</i>	-		-
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 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 corporate objectives and strategies and to safeguard all its stakeholders' interests and protecting the Group's assets as well as to establish risk appetite of the Group based on the corporate objectives, strategies, external environment, 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 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-defence. The duties for the identification, evaluation and management of the key business risk were delegated to the Risk Management Committee.</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 2017 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> <p>The Group has in place a risk management framework with clear allocation of responsibility for risk activities and must be clearly communicated throughout the organisation (upwards to all echelons of management and downwards to every employee of the organisation).</p>

	The ARMC together with the outsourced Internal Auditor assist the Board to review and monitor the risk management framework and processes.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>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 of Directors.</p> <p>A structured Risk Management Handbook was put in place which was developed and customized based on the foundation of the Federation of European Risk Management Associations (“FERMA”) 2002 (Risk Management Standard framework) and ISO31000:2009 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 2017 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - 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	:	The ARMC and Board are currently 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. Going forward, the Board will be considering the recommended step-up practice during the current financial year.

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>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 FY2017, 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.</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 2017 Annual Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The review of the adequacy and effectiveness of the CABNET Group's risk management and internal control system is outsourced to an independent professional firm, 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 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 established by the Institute of Internal Auditors Global. The outsourced internal audit function is manned by one (1) engagement director, three (3) managers / assistant managers and five (5) senior consultants / consultants during the financial year under review.</p> <p>The audit engagement of the outsourced internal audit function is governed by the engagement letter with key terms 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> <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), authorize 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.</p>

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

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 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 Shareholders 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">• To promote and elevate a high standard of integrity and transparency through timely comprehensive, accurate, quality and full disclosure.• To promote and maintain market integrity and investor confidence.• To exercise due diligence to ensure the veracity of the information being disseminated is factual, accurate, clear, timely and comprehensive.• To build good relationship with all stakeholders based on transparency, openness, trust and confidence.• To have in place efficient procedures for management of information, which promotes accountability for the disclosure of material information. <p>The detailed Shareholders Communication Policy and Corporate Disclosure Policy are available on the Company's website at www.cabnet.asia.</p>

	<p>During FY2017, the Boards ensured the supply of clear, comprehensive and timely information to the stakeholders via the following manners:</p> <ul style="list-style-type: none"> a) Publication of 2017 annual report; b) Provide all relevant disclosures including quarterly financial results of CABNET by way of announcement through Bursa link; c) Frequent updating of information relevant to Investor Relations, such as annual report, financial results and announcements through CABNET's website at www.cabnet.asia; d) Engagement with shareholders through 2017 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. 	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not a Large Company as defined by the MCCG. 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>			
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	:	<p>The 3rd AGM of CABNET will be held on 30 May 2018. The notice of at least 28 days prior to the date of the AGM, 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 2017 Annual Report together with the Notice of the 3rd AGM dated 27 April 2018 will be available on the Company's website at www.cabnet.asia.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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, including members of ARMCs, NCs and RCs would be invited to attend and participate at forthcoming 3rd AGM of CABNET.</p> <p>The presence of all directors 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>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>CABNET currently has 648 shareholders as at 20 March 2018 and its AGM will be held at Pavilion Hall, Ponderosa Golf & Country Club, No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100 Johor Bahru, Johor on Wednesday, the 30th day of May, 2018 at 9.00 a.m.</p> <p>As the number of shareholders are not overly large and the venue of the meeting place is easily accessible to all shareholders the need to leverage and adopt the latest technology is not viable at this juncture.</p> <p>Shareholders are entitled to appoint proxies/attorneys to attend and vote on their behalf should they be unable to do so in person.</p> <p>CABNET will only consider leveraging on such technology when it is commercially viable to do so.</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.

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

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

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