

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7169  
**COMPANY NAME** : Dominant Enterprise Berhad  
**FINANCIAL YEAR** : March 31, 2019

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("the Board") is collectively responsible for ensuring that the Company meets its objectives and goals. It regularly reviews the Company's operations and development, identifying risks and ensuring that an appropriate risk management framework and internal controls are in place to measure and manage risks. The Board maintains full and effective control over the management of the Company.</p> <p>The Board has delegated the management of the Group to the Executive Directors. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing day to day operations, as well as coordinating the development and implementation of business and corporate strategies.</p> <p>In order to ensure the effective discharge of the Board's functions and responsibilities, the Board also delegates specific responsibilities and functions to various committees, namely Audit Committee, Nominating and Remuneration Committee. The function, roles and responsibilities of these Board Committees are clearly defined in their respective terms of reference, which are reviewed and updated as and when necessary.</p> <p>The responsibilities of the Board are set out in the Board Charter which is available on the Company's website at <a href="http://www.dominant.com.my">www.dominant.com.my</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

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 ("CG") practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Board is Mr. Teo Ah Bah @ Teo Chuang Kwee. He is a non-executive Chairman, which enables him to provide effective oversight over Senior management in accordance with good CG practices.  The Chairman leads Board meetings and discussions, ensuring that each Board member contributes their skills and experience to the Group. The responsibilities of the Chairman of the Board are set out in the Board Charter, which is available on the Company's website at <a href="http://www.dominant.com.my">www.dominant.com.my</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

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 Chairman and Managing Director are held by different individuals.</p> <ul style="list-style-type: none"><li>• Chairman - Mr. Teo Ah Bah @ Teo Chuang Kwee,</li><li>• Managing Director ("MD") - Mr Owee Geok Choon.</li></ul> <p>The roles of the Chairman and MD are distinct and independent to ensure check and balance of power and authority. The Chairman performs a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders. The MD is primarily responsible for the implementation of strategic plans as approved by the Board.</p> <p>The clear distinction of roles and responsibilities of Chairman and MD are defined in the Board Charter which is available on the Company's website at <a href="http://www.dominant.com.my">www.dominant.com.my</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

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 Company Secretaries appointed by the Company are Yong May Li (f) (LS 0000295) and Chiang Choon Wei (f) (MIA32062).</p> <p>The Board appoints the Company Secretaries to provide advice and support to the Board in fulfilling its fiduciary duties, and ensures that the Company Secretaries fulfil the functions for which they have been appointed. The Company Secretaries are accountable to the Board through the Chairman of the Board and Committees, on all governance matters, compliance to all Laws, rules and regulatory requirements.</p> <p>The Board members have unlimited access to the professional advice and services of the Company Secretaries.</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 meeting materials including the minutes of the previous Board and committees' meetings, and any financial reports, operational updates and risk management and compliance matters to be approved or discussed, are circulated in advance to Directors and members of Board Committees to allow them sufficient time to seek prior clarification, if any, and to prepare in advance for the meetings.</p> <p>The draft copy of the minutes is circulated by the Company Secretary in a timely manner for review, and the content of the minutes will be tabled for confirmation as correct at the subsequent meeting, and formally acknowledged by the Chairman of the Board or Board Committee.</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 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>A Board Charter which clearly defines the roles and responsibilities of the Board, Board Committees and independent directors was adopted by the Board in February 2017. The Board Charter was reviewed and updated on 27 February 2019. This Board Charter helps to guide the Board in discharging its duties and responsibilities and will be reviewed and amended when necessary to reflect any changes required.</p> <p>The Board Charter is available on the Group’s website at <a href="http://www.dominant.com.my">www.dominant.com.my</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 3.1

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 Code of Ethics and Conduct has been adopted on 27 February 2019 and is published on the company's website accordingly at <a href="http://www.dominant.com.my">www.dominant.com.my</a>.</p> <p>The Board established the Code of Ethics and Conduct ("the Code") to create a corporate culture within the Group to operate its business in an ethical and professional manner, upholding the highest standards corporate conduct. The Code sets out the principles and standards of business ethics and conduct applicable to the Group and all its Directors and employees.</p> <p>The code also includes a whistleblowing policy to provide a structured reporting channel and guidance to all employees of the Group and members of the public to disclose any improper conduct.</p> <p>The Code will be reviewed by the Board periodically to ensure that it continues to remain relevant and appropriate.</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 is committed to the values of the transparency, integrity, impartiality and accountability in the conduct of its business and affairs. A whistleblowing policy has been developed and adopted by the Group to provide a structured reporting channel and guidance to all employees of the Group and members of the public to disclose any improper conduct without fear of reprisal, discrimination or adverse consequences.</p> <p>This whistleblowing policy was adopted by the Board in Feb 2017 and will be reviewed and amended when necessary to reflect any changes required.</p> <p>The whistleblowing policy is available on the Group's website at <a href="http://www.dominant.com.my">www.dominant.com.my</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

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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	There are nine (9) members, comprising five (5) Non-Executive Directors (including the Chairman) and four (4) Executive Directors. Out of the five (5) Non-Executive Directors, three (3) are independent representing 33% of the Board, satisfying MMLR 15.02(1) which states that "a listed issuer must ensure that at least 2 directors or 1/3 of the board of directors of a listed issuer, whichever is the higher, are independent directors."	
		All the Non-Executive Directors have varied background and experience to provide diverse perspectives and insights to Board deliberation.  The Board is satisfied with the current Board composition and is of the view that the composition fairly reflects the interest of the minority shareholders of the Company.	
		The Board will continue review this Practice annually.	
<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 4.2

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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Mr Johnson Kandasamy A/L David Nagappan has served the Board for more than 9 years. Annual shareholders' approval has been obtained for him to continue to act as an Independent Non-Executive Director of the Company since 2013. During his tenure, Mr Johnson has continued to exercise independence and carried out his professional duties in the best interest of the Company.</p>
		<p>The Nominating Committee has recommended to the Board that Mr Johnson continues with his positive contribution to the Board as an Independent Director based on the following:</p> <ul style="list-style-type: none"><li>a) Mr. Johnson David has fulfilled the criteria under the definition of ID pursuant to the Listing Requirements;</li><li>b) Mr. Johnson David has actively participated in Board deliberations, gave his opinion in an independent and unfettered manner, discharged his duties with reasonable care, skill and diligent; brought independent thoughts, experience and objectivity in decision making;</li><li>c) The length of service did not interfere with his ability to exercise independent judgement as he is always independent in character, independent of management and free from any relationships or circumstances which would likely affect or could appear to affect his judgment;</li><li>d) He exercised due care in all undertakings of the Group and has carried out his fiduciary duties in the interest of the Group and of the minority shareholders.</li></ul>

	The Board will seek for shareholders' approval to retain him in current position based on single tier voting process at the forthcoming 2019 Annual General Meeting ("AGM").	
<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>	:	The Nominating Committee ("NC") is responsible for making recommendations to the Board on the suitability of candidates nominated. During the selection process, the NC will take into consideration the mix of skills, background, capabilities, experience and independence that would be relevant for the effective discharge of the Board's responsibilities.	
<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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Currently the Board does not have any policy on gender, ethnicity or age diversity policies and targets. The Board believes that skills, experience, independence and knowledge are essential criteria in the selection of Board members.	
		The Company currently has one (1) female director on the Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	In line with recommendation under the Code for gender diversity, the Board will consider such appointments based on needs and requirements.	
<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>	:	The Nominating Committee (“NC”) is responsible for making recommendations to the Board on the suitability of candidates nominated. In identifying candidates for appointment of Directors, NC would consider recommendations from various sources including existing Directors, major shareholders and a wide network of industry contacts including independent sources, where required.	
<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 4.7**

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>	:	The Nominating Committee is chaired by an Independent Non-Executive Director, Ms Noor Hazelin Binti Hashim.	
<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 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 Nomination Committee (“NC”) evaluates the performance of the Board members on an annual basis. The Board committees are also reviewed annually by the NC for their performance and effectiveness.</p> <p>The annual exercise involves Directors completing questionnaires covering the assessment of the Board and Board Committee’s performance, assessment of individual Directors (self and peer evaluation), assessment on mix of skills and experience of Board, and assessment on independence amongst others.</p> <p>The Directors’ responses are then collated by the Company Secretaries and a summary of the findings would be submitted to the NC for deliberation. The NC would review the summary, assess and make recommendations to the Board.</p> <p>Based on the assessment carried out, the Board was satisfied that the Company has a well-balanced Board with its members having diverse skill sets and core competencies. The Directors had discharged their duties and responsibilities in the year under review and the board committees had discharged their functions in accordance with their respective Terms of Reference.</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 6.1

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 Remuneration Committee ("RC") is responsible for the Group's Remuneration Policy as stated in its Terms of Reference. The objective of the policy is to enable the Company to attract and retain Directors and Senior Management with the relevant experience and expertise required for the Company to achieve its goals and objectives.</p> <p>Remuneration of Executive Directors and Senior Management is recommended by RC for Board approval based on the performance, experience and level of responsibilities undertaken by each of the Executive Directors and Senior Management.</p> <p>The remuneration package for Executive Director and Senior Management is determined through a transparent and independent process, with details as follows:</p> <ol style="list-style-type: none"><li>I. Basic salary – fixed sum</li><li>II. Bonus – which will be declared based on the performance (Net Profit before tax) of the Group as a whole and calculated based on basic salary; and</li><li>III. Performance Incentive – calculated based on the performance (Net Profit before tax) of the Group as a whole and allocated in accordance to individual's involvement and performance.</li></ol> <p>As provided in RC's Terms of Reference, the Board as a whole determines the remuneration package of Non-Executive Directors based on their experience and level of responsibilities undertaken. The Non-Executive Directors are paid a fixed fee, which is subject to shareholders' approval at Annual General Meeting.</p>

	All directors are also provided a capped meeting allowance as part of directors' benefits, which is subject to shareholders' approval at Annual General Meeting.	
<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>	:	As at date of the publishing of the Annual Report, the Remuneration Committee ("RC") consists of four (4) members, all of whom are non-executive directors and majority are independent directors. RC reviews the remuneration package of the Directors and Senior Executives and makes recommendations to the Board for approval. In its review, the RC considers various factors, among others, the compensation levels for comparable positions in other similar public listed companies, Director's fiduciary duties, time commitment expected, and the Group's performance.  The Terms of Reference of Remuneration Committee are published on the company's website at <a href="http://www.dominant.com.my">www.dominant.com.my</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**

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>	:	Detailed disclosure on named basis of the remuneration package of individual directors is included in the Annual Report.	
<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>	:	The key management team of the Group includes Mr Owee Geok Choon, who is the Managing Director of the Group, and 3 Executive Directors namely Mr. Cha Aku Wai @ Sia Ah Kow, Mr Chai Soon Too and Mr Teo Yu Chin.  Detailed disclosure on named basis of the remuneration package of the key management team is included in the Annual Report.
<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 Chairman of Audit Committee (“AC”) and Chairman of the Board are separate individuals.</p> <p>The Chairman of AC is Mr. Johnson Kandasamy A/L David Nagappan, a Senior Independent Non-executive Director who is a Chartered Accountant registered with the Malaysian Institute of Accountants. Mr. Johnson is also a Fellow of the Association of Chartered Certified Accountants, an approved tax agent and a Chartered Tax Practitioner registered with the Chartered Tax Institute of Malaysia. HE is also a Certified Financial Planner.</p> <p>The Chairman of the Board is Mr. Teo Ah Bah @ Teo Chuang Kwee, who is one of the founders of the Company. Mr. Teo is a Non-executive Chairman.</p> <p>This segregation of duties ensures the effectiveness and independence of the AC.</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>	:	The policy has been added into the Terms of Reference of the Audit Committees [item 3(1)].	
<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 external auditors are required to declare their independence annually to the Audit Committee (“AC”). They have provided the said declaration to AC during the audit engagement, in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The Board through AC, annually assesses the suitability, objectivity and independence of the external auditors and recommends their appointment or re-appointment for shareholders’ approval at the Company’s Annual General Meeting.</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 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee comprises solely of Independent Directors.

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Members of the Audit Committee ("AC") possess the necessary skills to discharge their duties and are financially literate. Profiles of AC members are included in the 2019 Annual Report.  During the financial year ended 31 March 2019, the members of AC undertook continuous professional development(s) as required by the respective professional bodies and trainings, which are identified by the Nominating Committee to be relevant to the field of finance, legal, taxation, and regulatory developments. The details of the training attended is disclosed in the Annual Report's Corporate Governance Overview Statement
<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>	:	The Board has established an effective risk management framework and internal controls to ensure that business decisions are made within the Group’s risk appetite. Details of the risk management framework and internal controls are disclosed under “Statement of Risk Management and Internal Control” in the Annual Report.	
<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 9.2

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>	:	The key features of the Risk Management framework and internal controls are set out in the Statement on Risk Management and Internal Control as disclosed in the 2019 Annual Report.	
<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 9.3 - 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> :	

**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>	:	The Group's Internal Audit function is performed by the Group's Internal Audit Department. The Internal Auditor has direct access to the Chairman of the Audit Committee.  Details of the Internal Audit function are set out in the Audit Committee's Report in the 2019 Annual Report.	
<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 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 internal audit department is currently lead by Mr Alan Yong Wui Kin. Mr. Yong has 5 years of internal audit working experience and he is assisted by another 2 team members.</p> <p>The internal auditors are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>Details of the Internal Audit function are set out in the Audit Committee’s Report in the 2019 Annual Report.</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 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 has established Corporate Disclosure Policy and Procedures in relation to the provision of accurate, timely, consistent and objective corporate information to enable investors to make informed and orderly market decisions.</p> <p>Information is made available to shareholders and investors through Annual Reports, the various disclosures and announcements made to Bursa Securities, as well as the Company's corporate website at <a href="http://www.dominant.com.my">www.dominant.com.my</a> . The Annual General Meeting provides the principal platform for dialogue and interactions with shareholders.</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 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>	:	Dominant Enterprise Berhad is not a “Large Company” as defined under Malaysian Code on Corporate Governance 2017 as it is not a company in the FTSE Bursa Malaysia Top 100 Index. Its market capitalisation is less than RM2 billion as at the date of this Report.	
<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>	:	A 28 days' notice period has been given to shareholders with respect to the Company's forthcoming Annual General Meeting (" <b>AGM</b> ") to be held on 26 August 2019.  The Notice of AGM together with the Annual Report for financial year ended 31 March 2019 of the Company was sent out to shareholders on 26 July 2019.	
<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>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All Directors attended the previous AGM that was held on 27 August 2018 and the Directors have confirmed their attendance for the forthcoming AGM to be held on 26 August 2019, barring unforeseen circumstances.</p> <p>Directors including the Chairmen of Audit Committee, Nominating Committee and Remuneration Committee will attend the 27th Annual General Meeting, to enable the provision of meaningful responses to questions addressed to them.</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 12.3

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>All of the Company's past general meetings were held in reputable hotels in the city and not in remote locations.</p> <p>There are approximately only 1,600 shareholders in the Company. It is not cost effective to leverage on technology to conduct General Meetings. The Board has therefore decided that the Company will not implement electronic poll voting in the coming General Meeting as the costs outweighs the benefits.</p> <p>For shareholders who are unable to attend the General Meeting, the Company's Constitution allows members to appoint proxy or multiple proxies to exercise their right of votes.</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>	:	



**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.*

N/A
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