

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7191  
**COMPANY NAME** : Adventa Berhad  
**FINANCIAL YEAR** : December 31, 2020

## OUTLINE:

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

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is collectively responsible for the long-term success of the Company and overall corporate governance strategic direction, corporate goals and therefore monitors the achievement of these goals. It provides leadership and manages overall control of the Group's affairs through the discharge of their principal duties and responsibilities.</p> <p>The Board periodically updates on the primary responsibilities of key senior management positions and discusses the potential of second liners in assuming these responsibilities during Board meetings, and as and when required.</p> <p>In the financial year ended 31 December 2020 ("FYE 2020") and up to the date of the report, the Board discharged its key fiduciary duties, leadership functions and responsibilities as summarised below: -</p> <p>➤ <b>Reviewing and adopting a strategic plan for the Company and considering the management recommendations on key issues</b></p> <p>The Board plays an active role in reviewing the sustainability, effectiveness and implementation of the strategic plans for the year and provided guidance and input to the Management.</p> <p>The Managing Director and Executive Director play a leadership role and take on the primary responsibilities to develop the Group's culture and to implement the Group's business and investment plans, including restructuring, and management of business activities.</p> <ul style="list-style-type: none"><li>• The Managing Director is the primary person accountable for</li></ul>

the day-to-day management of the business and operations of the Group, and who oversees, the Group's implementation of the directives from the Board to ensure that all agreed corporate objectives and performance targets are met. The Managing Director reports to the Board on key strategic, operational and legal matters concerning the Group at every Board meeting, and as and when the need arises.

- The Executive Director oversees the group shared services functions and all key financial and operational matters concerning the Group, which will be reported to the Audit Committee ("**AC**") and the Board.

The Group's senior management team supports the Managing Director and Executive Director in their roles and responsibilities based on their respective levels of authority established by the Board and/or the Managing Director and/or the Executive Director.

- The Board, save for the Managing Director, after having considered all relevant aspects of the proposed disposal of 100% equity interest in Lucenxia (M) Sdn. Bhd., a wholly-owned subsidiary of the Company to the Managing Director ("**Proposed Lucenxia Disposal**") (including but not limited to the independent valuation of Lucenxia (M) Sdn. Bhd. and its subsidiaries, rationale as well as terms and conditions and financial effects of the Proposed Lucenxia Disposal and the evaluations by the Independent Adviser) opined that the Proposed Lucenxia Disposal is in the best interest of Adventa, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority shareholders of the Company. Accordingly, the Board, save for the Managing Director recommended the same to the shareholders for approval during the Extraordinary General Meeting ("**EGM**") held on 8 April 2021 and was approved by the shareholders.

➤ **Overseeing the conduct of the Company's business**

For FYE 2020, the Executive Director responsible in the financial performance of the Company presented the Group's finance and operation report for every quarter in the FYE 2020 to the Board when the quarterly results is tabled to the Board. The Managing Director and Executive Director briefed the Board on all financial and non-financial matters of the Group and answer to questions raised by other Board members accordingly.

➤ **Identifying principal risks and ensuing the implementation of appropriate systems to manage these risks**

The Board delegated the function of overseeing the risk management framework of the Group to the Risk Management

Committee (“**RMC**”). The RMC advises the Board on key risk areas and the adequacy and integrity of the risk management framework within the Group.

The activities carried out by the RMC and details of the Group’s risk management framework are set out in the Statement on Risk Management and Internal Control of the Annual Report 2020.

➤ **Reviewing the adequacy and integrity of the Company’s internal control systems and management information systems**

The Board delegated the function of overseeing the internal audit function and ensure the adequacy and integrity of the Group’s internal control system to the AC.

The internal audit function is assumed by the outsourced internal audit firm, namely PKF Risk Management Sdn. Bhd. (“**PKF**”). PKF assists the AC in discharging its duties and responsibilities to provide reasonable assurance on the adequacy and effectiveness of the system of internal control by conducting independent, regular and systematic reviews of the internal processes in addressing the risks identified and that established policies and procedures, applicable laws and regulations are complied with.

For FYE 2020, PKF which report directly to the AC, conducted reviews on the adequacy and effectiveness of the Group’s system of internal controls that the Management has put in place. These audits review the internal controls in the Group’s business based on a three (3)-years detailed internal audit plan approved by the AC.

During the FYE 2020, PKF conducted audits of operations under Fixed Assets and Inventory Management. Overall, the AC evaluated the performance of PKF and is satisfied that the internal audit function has been carried out effectively and independently during FYE 2020.

Details pertaining to the Company’s internal control system are available in the Statement on Risk Management and Internal Control of the Annual Report 2020.

➤ **Ensuring that the Company’s financial statements are true and fair and deciding on necessary steps to protect the Company’s financial position**

The Board monitors the financial position of the Company on a regular basis via the insertion of the same as permanent agenda item in the Board Meetings.

For FYE 2020, the AC reviewed the quarterly results and announcements as well as the year end financial statements of the

	<p>Group and ensured that the financial reporting and disclosure requirements had been complied with before recommending them to the Board for approval.</p> <p>For FYE 2020, the Board has also provided assurance that the financial statements prepared in the financial year gives a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year.</p> <p>➤ <b>Ensuring that the Company has appropriate corporate governance structures in place</b></p> <p>The Board had established the following policies, serves a guide to strengthen the governance of the Company: -</p> <ul style="list-style-type: none"> <li>• Board Charter;</li> <li>• Code of Conduct and Ethics;</li> <li>• Whistleblowing Policy;</li> <li>• Policy on Corporate Communications and Disclosure;</li> <li>• Policy on External and Internal Auditors;</li> <li>• Policies Governing the Board of Directors;</li> <li>• Policy on Prevention of Insider Trading;</li> <li>• Policy on Shareholders Communications and Investor Relations;</li> <li>• Policy on Sustainability and Corporate Social Responsibility; and</li> <li>• Limit of Authority Policy.</li> </ul> <p>The abovementioned policies are to be regularly reviewed by the Board as and when required.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has appointed a Chairman amongst the Non-Executive Directors, who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.</p> <p>Mr. Edmond Cheah Swee Leng is the Chairman of the Board. His key responsibilities include but not limited to the following: -</p> <ul style="list-style-type: none"><li>• leadership of the Board;</li><li>• overseeing the effective discharge of the Board's supervisory role;</li><li>• facilitating the effective contribution of all Directors;</li><li>• conducting the Board's meetings;</li><li>• briefing all the Directors in relation to issues arising at meetings;</li><li>• scheduling regular and effective evaluations of the Board's performance;</li><li>• promoting constructive and respectful relations between Board members and between the Board and the Management;</li><li>• representing the Board to shareholders;</li><li>• ensuring the integrity and effectiveness of the governance process of the Board;</li><li>• maintaining regular dialogue with the Board over all operational matters and consulting with the Board promptly over any matter that gives him or her cause for concern; and</li><li>• facilitate the Board meeting to ensure that no Director, whether executive or non-executive, dominates the discussions during Board proceedings.</li></ul> <p>The leadership of Mr. Edmond Cheah Swee Leng as the Chairman of the Board was acknowledged via the Board Performance Evaluation for the financial year ended 31 December 2020 and his profile is set out in the Directors' Profile of the Annual Report 2020.</p>
<b>Explanation for departure</b>	:	

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

<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 positions of the Chairman and Managing Director are held by two (2) different individuals to promote accountability and facilitate division of responsibilities between them. In this regard, no one individual can influence the Board's discussions and decision-making.</p> <p>Mr. Edmond Cheah Swee Leng, the Chairman, would lead the Board in its collective oversight of management whilst Mr. Low Chin Guan, the Managing Director, focuses on the business and day-to-day management of the Company.</p> <p>The distinct and separate roles of the Chairman and Managing Director have been outlined in the Board Charter, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.</p> <p>The Board Charter of the Company is available on the Company's corporate website at <a href="https://www.adventa.com.my">https://www.adventa.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 is supported by two (2) suitably qualified and competent Company Secretaries, namely, Ms. Chua Siew Chuan and Mr. Lim Lih Chau.</p> <p>The Company Secretaries have professional qualification and is qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016 ("<b>CA 2016</b>"). The Company Secretaries are external company secretaries from Securities Services (Holdings) Sdn. Bhd. with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.</p> <p>For financial year ended 31 December 2020 ("<b>FYE 2020</b>"), the Company Secretaries support the Board and the relevant Board Committees to ensure their effective functioning in accordance with their terms of reference and best practices, and in managing the corporate governance framework of the Company. The Company Secretaries also advise the Directors on their fiduciary and statutory duties, as well as compliances with company law, the Main Market Listing Requirements, the Company's Constitution, the Malaysian Code on Corporate Governance, Board adopted policies, and other pertinent regulations governing the Company, including guiding the Board towards the necessary compliances.</p> <p>At least one (1) of the Company Secretaries attended the Seventeenth Annual General Meeting ("<b>AGM</b>"), EGM and all Board and Board committee meetings. All deliberations at the Seventeenth AGM, EGM and all Board and Board committee meetings were well recorded in the minutes for the Board's reference and for action plans to be communicated to the Management to work on and to report back to the Board.</p> <p>The Company Secretary who attended the Seventeenth AGM managed the processes of the meeting and ensure orderly proceeding, including the conduct of the poll taken on all resolutions tabled at the meeting.</p>

	<p>The Board is also updated on the Directors' Resolutions in Writing passed, Directors' dealings pursuant to Chapter 14 of the Main Market Listing Requirements, announcements made to Bursa Malaysia Securities Berhad and circulars or correspondences from Bursa Malaysia Berhad, at every scheduled Board meeting during the year.</p> <p>The Company Secretaries had and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters, and with changes in the same regulatory environment, through continuous training and industry updates. They have also attended many relevant continuous professional development programmes as required by Malaysian Institute of Chartered Secretaries and Administrators for practicing chartered secretaries.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its function and duties.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

## Intended Outcome

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>For financial year ended 31 December 2020 (“<b>FYE 2020</b>”), an annual calendar of Board Meetings and Committee meetings and the AGM is circulated in advance in order to facilitate planning by the Directors.</p> <p>The Board had met four (4) times in FYE 2020. Prior to the Board meetings, all Directors were furnished with the notice of the meeting which sets out the matters to be discussed at the respective meetings on a timely manner to allow the Directors to have ample time to peruse, obtain additional information and where applicable, to seek further clarifications on matters to be tabled at the Board meeting, so that the matters arising could be properly deliberated at the Board meeting and appropriate decisions could be made by the Board.</p> <p>The Board has direct access to the Management and unrestricted access to any information relating to the business and affairs in discharging their duties. The Board may request additional information or clarification from the Management in order to make informed and timely decisions.</p> <p>All deliberations and decisions at the Board and Committees’ meetings are properly recorded in the minutes, including matters where Directors abstained from deliberation and/or voting. The action items identified and highlighted during meetings are conveyed to the Management for their attention and action.</p> <p>For FYE 2020, the minutes of Board/Board Committee meetings are circulated to the respective Chairman in a timely manner for review before they are confirmed. All Board members reviewed and confirmed the minutes of meetings to ensure they accurately reflect the deliberations and decisions of the Board. The Company Secretaries have ensured that a statement of declaration of interest or abstention from voting or deliberation on a particular matter was recorded in the minutes.</p> <p>The Board and Board Committee’s Chairman of the meeting signed the minutes as a correct record of the proceedings and thereafter, the said</p>

	minutes of all proceedings are kept in the statutory book at the registered office of the Company to be made available for inspection under the Companies Act 2016.	
<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>The Board has formalised and adopted a Board Charter, which provides guidance to the Board in relation to the Board's responsibilities which are in line with the principles of good corporate governance. The Board Charter set out, among others, the following:-</p> <ul style="list-style-type: none"><li>• The key values, principles and ethics of the Company.</li><li>• The governance structure and authority of the Board and its Board Committees.</li><li>• The delegation of authority to Board Committees.</li><li>• The expectation on individual directors in terms of their commitment, roles and responsibilities as Board members.</li></ul> <p>The Board Charter and Terms of Reference of the Board Committees would be reviewed and updated as and when necessary in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. Any subsequent amendment to the Board Charter would be approved by the Board.</p> <p>During the financial year ended 31 December 2020, the Board Charter has not been reviewed by the Board as the Board viewed that the Board Charter is suffice for the Board, Board Committees and the Management to carry out their roles and responsibilities.</p> <p>The Board keeps itself abreast of the responsibilities delegated to each Board Committee, and matters deliberated at each Board Committee meeting through the minutes of the Board Committee meetings and reports by the respective Board Committee Chairman, at Board meetings.</p> <p>The Board Charter of the Company is available on the Company's corporate website at <a href="https://www.adventa.com.my">https://www.adventa.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 Company is committed to maintain a high standard of code of conduct and ethical practice (“<b>CoCEP</b>”) which shall be observed by Directors of the Company.</p> <p>This CoCEP which applies to all Directors of the Group provides guidance on the standards of behaviour expected of all Directors and employees of the Group, and outlines the policies to:</p> <ul style="list-style-type: none"><li>• handle actual or potential conflict of interest;</li><li>• prevent corrupt practices which include the offering and acceptance of gifts and other form of benefits;</li><li>• encourage the reporting of unlawful or unethical behaviour;</li><li>• protect and ensure the proper use of the company's assets; and</li><li>• ensure compliance with laws, rules and regulations.</li></ul> <p>The CoCEP will be reviewed periodically to ensure it remains current and relevant in addressing any ethical issues that may arise within the Group.</p> <p>During the financial year ended 31 December 2020, the CoCEP has not been reviewed by the Board as the Board viewed that the CoCEP is suffice as a guidance on the standards of behaviour to all Directors.</p> <p>The CoCEP of the Company is available on the Company's corporate website at <a href="https://www.adventa.com.my/cocep">https://www.adventa.com.my/cocep</a></p>
<b>Explanation for departure</b>	:	

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

<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 Whistleblowing Policy has been established to provide a platform for the employees who have concerns about suspected misconduct (including fraud, bribery, theft, abuse of power and violation of rules and regulations) to come forward and express these concerns without fear of punishment or unfair treatment.</p> <p>The Board is committed to preserve its culture of openness, accountability and integrity when dealing with suspected fraud, corruption, dishonest practices or any violation of laws and regulations.</p> <p>Any employee who is aware of any malpractice exists or can be observed in the Company is encouraged to report immediately to the senior management of the Company, comprising of the Managing Director, Mr. Low Chin Guan, or the Executive Director, Ms. Kwek Siew Leng.</p> <p>However, in the event if any employees are aware that the malpractice involves the senior management of the Company, any employees is encouraged to report immediately to the Chairman of the Board of Directors, Mr. Edmond Cheah Swee Leng, who is also the Senior Independent Non-Executive Director.</p> <p>The Board assures that all reports will be treated in the strictest confidence and will be promptly investigated. Incidents of retaliation against individual reporting a violation or assisting in investigations will be resulted in disciplinary action.</p> <p>During the financial year ended 31 December 2020, there were no cases reported to the Company.</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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board currently has five (5) members comprising one (1) Managing Director, one (1) Executive Director, two (2) Independent Non-Executive Directors and one (1) Senior Independent Non-Executive Director. Three (3) out of the five (5) members are Independent Non-Executive Directors.</p> <p>All the three (3) Independent Non-Executive Directors satisfy the definition of independence as prescribed in the Main Market Listing Requirements. They constitute 60% of the Board, which comprises majority of the Board, notwithstanding the Company is not classified as a "Large Company".</p> <p>The profiles of the Independent Non-Executive Directors are set out in the Annual Report 2020.</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 4.2

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>The length of service of the following Independent Directors are more than twelve years:-</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Designation</th> <th>Date of Appointment</th> </tr> </thead> <tbody> <tr> <td>Toh Seng Thong</td> <td>Independent Non-Executive Director</td> <td>10 May 2004</td> </tr> <tr> <td>Dato' Dr. Norraesah binti Haji Mohamad</td> <td>Independent Non-Executive Director</td> <td>8 November 2005</td> </tr> <tr> <td>Edmond Cheah Swee Leng</td> <td>Senior Independent Non-Executive Director</td> <td>9 August 2004</td> </tr> </tbody> </table> <p>For the financial year ended 2020 ("FYE 2020"), the Board noted the best practices of the Malaysian Code on Corporate Governance ("MCCG") and will endeavour to apply them where it is practicable and provide alternatives to meet the intended outcome.</p> <p>Alternate Practice: -</p> <p>Intended Outcome 4.0 of the MCCG is deemed achieved by the Company through the following alternative practices which are appropriate to and practical for the Company: -</p> <ul style="list-style-type: none"> <li>• Three (3) Independent Directors out of five (5) Directors in the Board represent compliance to the requirement of Practice 4.1 of the MCCG which requires at least half of the Board comprises Independent Directors.</li> </ul>	Name	Designation	Date of Appointment	Toh Seng Thong	Independent Non-Executive Director	10 May 2004	Dato' Dr. Norraesah binti Haji Mohamad	Independent Non-Executive Director	8 November 2005	Edmond Cheah Swee Leng	Senior Independent Non-Executive Director	9 August 2004
Name	Designation	Date of Appointment												
Toh Seng Thong	Independent Non-Executive Director	10 May 2004												
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Edmond Cheah Swee Leng	Senior Independent Non-Executive Director	9 August 2004												

	<ul style="list-style-type: none"> <li>• The Board has the right mix of skills, experience and knowledge base with a broad background in business and finance. In this context, Board decisions are always made with diverse perspectives and insights.</li> <li>• All Independent Directors had fulfilled the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</li> <li>• All Independent Directors had actively participated in the Board deliberations, provided objectivity in decision making and an independent voice to the Board and contributed in preventing Board domination by any single party.</li> <li>• All Independent Directors had devoted sufficient time and attention to their responsibilities as an Independent Non-Executive Director of the Company.</li> <li>• All Independent Directors had exercised their due care in the interest of the Company and shareholders during their tenure as an Independent Non-Executive Director of the Company.</li> </ul> <p>That the single-tier voting process for retention of Independent Directors of the Company has been implemented for the FYE 2020 to meet the intended outcome for Board decisions to be made objectively in the best interests of the Company taking into account the diverse perspective and insights.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board endeavours to ensure that it consists of individuals with a diverse background equipped with professional and technical knowledge to effectively carry out its roles as the representative to the interests of shareholder. The qualifications for Board membership are the ability to make sensible business decisions and recommendations, the ability to see the wider picture and to promulgate high ethical standards, while at the same time maintaining sound practical sense, and putting in the commitment to furthering the interests of shareholders and the achievement of the Company's goals.</p> <p>The Board has delegated to the Nomination Committee ("<b>NC</b>") the responsibility for accessing candidates for appointment to the Board and making recommendations to the Board on the appropriate Board size and composition with the ultimate decision being made by the Board as a whole.</p> <p>The NC reviewed regularly the Board structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and made recommendations to the Board with regard to any changes.</p> <p>For the proposed re-election of the existing Directors who are seeking for re-election at the forthcoming AGM, the NC is responsible to consider and evaluate the proposed re-election before making recommendation to the Board for approval. The final decision on the proposed re-election to be presented to the shareholders for approval is with the Board.</p> <p>The Company will not discriminate when making decisions on hiring, promotion or retirement on the ground of employee's race, colour, gender, age and background.</p> <p>The Company illustrate the diversity practices available on the Company's website at <a href="https://www.adventa.com.my/diversity">https://www.adventa.com.my/diversity</a>.</p> <p>There was no Director appointed to the Board during the financial year ended 31 December 2020.</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 4.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to Board gender diversity which includes the representation of women in the composition of the Board of the Company and at Senior Management level of the Group which is available for viewing at the Company website <a href="https://www.adventa.com.my/diversity">https://www.adventa.com.my/diversity</a>.</p> <p>The Board currently consists of two (2) female directors which fulfil the recommendation of at least 30% women participation notwithstanding the Company is not classified as "Large Company".</p> <p>The Board will, from time to time, review its composition and size to ensure it fairly reflects the investments of the shareholders of the Company while at the same time due regard for diversity in skills, experience, age, cultural background and gender.</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 4.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The appointment of new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.</p> <p>The Nomination Committee is tasked to consider candidates for directorship by taking into consideration the following: -</p> <ul style="list-style-type: none"><li>(a) skill, knowledge, expertise, experience;</li><li>(b) professionalism;</li><li>(c) integrity; and</li><li>(d) the ability to discharge such responsibilities and functions as expected from a director.</li></ul> <p>During the financial year ended 31 December 2020, the Company did not appoint any new Director. The Company has set the consideration of other variety of approaches and independent sources to identify suitable candidate for appointment of Directors as one of the key priorities to consider.</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 4.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee is chaired by Mr. Edmond Cheah Swee Leng, the Senior Independent Non-Executive Director appointed by the Board, who is also the Chairman of the Board.</p> <p>The Nomination Committee Chairman has led the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed and will lead the succession planning and appointment of future Board members.</p> <p>The Terms of Reference of the Nomination Committee is available on the Company's corporate website at <a href="https://www.adventa.com.my">https://www.adventa.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

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 has conducted the following assessments for the financial year ended 31 December 2020: -</p> <table border="1" data-bbox="544 922 1390 1700"> <thead> <tr> <th data-bbox="544 922 855 996">Evaluation</th> <th data-bbox="855 922 1390 996">Assessment Criteria</th> </tr> </thead> <tbody> <tr> <td data-bbox="544 996 855 1111">Individual Directors</td> <td data-bbox="855 996 1390 1111"> <ul style="list-style-type: none"> <li>• Fit and proper</li> <li>• Contribution and performance</li> <li>• Calibre and personality</li> </ul> </td> </tr> <tr> <td data-bbox="544 1111 855 1406">Board and Board Committee</td> <td data-bbox="855 1111 1390 1406"> <ul style="list-style-type: none"> <li>• Board mix and composition</li> <li>• Quality of information and decision making</li> <li>• Boardroom activities</li> <li>• Board's relationship with the Management</li> <li>• Board Committees' performance evaluation</li> </ul> </td> </tr> <tr> <td data-bbox="544 1406 855 1520">AC</td> <td data-bbox="855 1406 1390 1520"> <ul style="list-style-type: none"> <li>• Quality and composition</li> <li>• Skills and competencies</li> <li>• Meeting administration and conduct</li> </ul> </td> </tr> <tr> <td data-bbox="544 1520 855 1700">Independence of the Independent Directors</td> <td data-bbox="855 1520 1390 1700"> <ul style="list-style-type: none"> <li>• Independence criteria in accordance with Paragraph 1.01 and Practice Note 13 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad</li> </ul> </td> </tr> </tbody> </table> <p>The results of the aforesaid evaluations were completed collectively/individually by the Nomination Committee/Directors. Each Director was provided feedback on their contribution to the Board and Board Committees. The review supported the Board's decision to endorse all retiring Directors standing for election. The assessment report together with the report on the Board balance (the required mix of skills, experience and other qualities) were discussed and circulated to the Board.</p>	Evaluation	Assessment Criteria	Individual Directors	<ul style="list-style-type: none"> <li>• Fit and proper</li> <li>• Contribution and performance</li> <li>• Calibre and personality</li> </ul>	Board and Board Committee	<ul style="list-style-type: none"> <li>• Board mix and composition</li> <li>• Quality of information and decision making</li> <li>• Boardroom activities</li> <li>• Board's relationship with the Management</li> <li>• Board Committees' performance evaluation</li> </ul>	AC	<ul style="list-style-type: none"> <li>• Quality and composition</li> <li>• Skills and competencies</li> <li>• Meeting administration and conduct</li> </ul>	Independence of the Independent Directors	<ul style="list-style-type: none"> <li>• Independence criteria in accordance with Paragraph 1.01 and Practice Note 13 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad</li> </ul>
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Independence of the Independent Directors	<ul style="list-style-type: none"> <li>• Independence criteria in accordance with Paragraph 1.01 and Practice Note 13 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad</li> </ul>										

The Board through the Nomination Committee had also assessed the independence of the Independent Directors on the Board, taking into account the following in ensuring that the Independent Directors are able to contribute to the effective objective functioning of the Board:-

- fulfillment of the definition of an independent director as set out in Paragraph 1.01 of the Main Market Listing Requirements
- ability to exercise independent judgement and act in the best interests of the Company
- potential conflicts of interest with regards to any contracts or transactions with the Group
- significant personal or social relationship with the Management or major shareholders (including their family members) other than those on a professional level consistent with their duties and generally expected of them
- derivation of other remuneration and benefits apart from Directors' fees and meeting allowances

All the assessments conducted at the Nomination Committee Meeting were reported to the Board during the Board Meeting held on the same day and the Board noted the following:-

- Individual directors are able and had critically challenged and asked the right questions, as and where applicable, and are confident to stand up for their point of view.
- Individual directors are committed in serving the Company.
- The Board and Board Committees had been effective in carrying out their functions and duties.
- All independent directors had been and remain independent from the Management and free from any business relationship that could materially interfere with their independent judgement.
- The training programmes attended by the Directors during the financial year.

The Board will consider engaging a professional, experienced and independent party to lend greater objectivity to the assessments as and when required.

The Board is satisfied with the level of time commitment given by all the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced also by the attendance record of the Directors at the Board meetings during the financial year ended 31 December 2020 as set out in the table below:-

<b>Name of Director</b>	<b>Attendance</b>
Edmond Cheah Swee Leng	4/4
Low Chin Guan	4/4
Kwek Siew Leng	4/4

	<p>Toh Seng Thong 4/4</p> <p>Dato' Dr. Norraesah binti Haji Mohamad 4/4</p> <hr/> <p>Besides holding Board meetings, the Board also exercises control on issues and/or matters that require immediate Board approval through the circulation and passing of Directors' Resolutions In Writing pursuant to the Constitution of the Company.</p> <p>Prior to accepting new directorships, the Director is to notify the Chairman and inform him of the expected time commitment for the new appointment accordingly. The Directors are also required to submit a timely update on their other relevant directorships and shareholdings to the Company Secretaries, who will update the Board. Such information is used to monitor the number of directorships held by the Directors and to notify the Companies Commission of Malaysia accordingly, where required.</p> <p>For the financial year ended 31 December 2020, none of the Directors have directorships in public listed companies that exceeded the maximum limit of five (5) directorships.</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 Board believes that competitive remuneration is important to attract, retain and motivate Directors with necessary calibre, expertise and experience to lead the Group in the long term. The Board had adopted 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 to determine the remuneration of Directors and Senior Management.</p> <p>The Remuneration Committee reviewed the remuneration packages of the Managing Director and Executive Director for the financial year ended 31 December 2020, which include their salaries, benefits-in-kind and other emoluments and their annual performance bonus in detail, to ensure their remuneration is sufficiently attractive and is able to retain and motivate them to run the Company successfully.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has a Remuneration Committee ("RC") which is made up of majority Independent Non-Executive Director and is chaired by Mr. Edmond Cheah Swee Leng, a Senior Independent Non-Executive Director.</p> <p>For the financial year ended 31 December 2020, the RC ensured that the level of remuneration for Non-Executive Directors are linked with their level of responsibilities undertaken and contributions to the effective functioning of the Board.</p> <p>The RC also assisted the Board in reviewing the proposed remuneration packages of the Managing Director and Executive Director.</p> <p>The Board was satisfied with the performance of RC in discharging its function in accordance to its Terms of Reference.</p> <p>The Terms of Reference of the Remuneration Committee is available on the Company's website at <a href="https://www.adventa.com.my">https://www.adventa.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

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

## Practice 7.1

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

<b>Application</b>	:	Applied																															
<b>Explanation on application of the practice</b>	:	<p>Details of the Board's remuneration for financial year ended 31 December 2020 are set out as below: -</p> <p><b>(i) Managing Director ("MD") and Executive Director ("ED")</b></p> <table border="1"> <thead> <tr> <th>Name of Directors</th> <th>Fees</th> <th>Salary and Bonus</th> <th>Benefits in Kind</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>MD, Low Chin Guan</td> <td>31,200.00</td> <td>553,350.00</td> <td>28,000</td> <td>612,550.00</td> </tr> <tr> <td>ED, Kwek Siew Leng</td> <td>31,200.00</td> <td>216,580.00</td> <td>-</td> <td>247,780.00</td> </tr> </tbody> </table> <p><b>(ii) Non-Executive Directors</b></p> <table border="1"> <thead> <tr> <th>Name of Directors</th> <th>Fees</th> <th>Allowances</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Edmond Cheah Swee Leng</td> <td>69,600.00</td> <td>-</td> <td>69,600.00</td> </tr> <tr> <td>Toh Seng Thong</td> <td>69,600.00</td> <td>-</td> <td>69,600.00</td> </tr> <tr> <td>Dato' Dr. Norraesah binti Haji Mohamad</td> <td>69,600.00</td> <td>-</td> <td>69,600.00</td> </tr> </tbody> </table> <p>The Directors' Fees of both Executive and Non-Executive Directors are subject to shareholders' approval annually.</p>	Name of Directors	Fees	Salary and Bonus	Benefits in Kind	Total	MD, Low Chin Guan	31,200.00	553,350.00	28,000	612,550.00	ED, Kwek Siew Leng	31,200.00	216,580.00	-	247,780.00	Name of Directors	Fees	Allowances	Total	Edmond Cheah Swee Leng	69,600.00	-	69,600.00	Toh Seng Thong	69,600.00	-	69,600.00	Dato' Dr. Norraesah binti Haji Mohamad	69,600.00	-	69,600.00
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<b>Explanation for departure</b>	:																																
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<b>Measure</b>	:																																

<b>Timeframe</b>	:		
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### 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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Board is of the view that it would not be in its best interest of the Company to make such detailed disclosure of Key Senior Management's remuneration on a named basis. Accordingly, such details are not disclosed in the Annual Report 2020 in view of the competitive market for talents in the industry and to support the Company's effort in attracting and retaining highly talented personnel.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will continuously monitor and consider the appropriateness of the disclosure in the future.
<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 AC is chaired by Mr. Toh Seng Thong, who is an Independent Non-Executive Director, while the Chairman of the Board is Mr. Edmond Cheah Swee Leng, a Senior Independent Non-Executive Director. This had ensured that the objectivity of the Board's review of the AC's findings and recommendations is not impaired.</p> <p>Mr. Toh Seng Thong is responsible to ensure the overall effectiveness and independence of the AC. Mr. Toh Seng Thong's responsibilities and duties as a member of the Audit Committee are disclosed in the Terms of Reference of the AC.</p> <p>The Terms of Reference of the AC is available on the Company's corporate website at <a href="https://www.adventa.com.my">https://www.adventa.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**

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>	:	Before appointing a former key audit partner of the Company's External Auditors as a member of the AC, the Company has adopted the Policy – External and Internal Auditors that requires a cooling-off period of at least two (2) years to be observed by the former key audit partner of the Company's External Auditors before being appointed as a member of the AC. This is to safeguard the independence of the audit and preparation of the Company's financial statements.	
<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>In recommending the re-appointment of the external auditor to the Board, the AC has established the following that consider among others –</p> <ul style="list-style-type: none"><li>a. the competence, audit quality, experience and resource capacity of the external auditor in relation to the audit;</li><li>b. the persons assigned to the audit;</li><li>c. the audit firm's other audit engagements;</li><li>d. the external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;</li><li>e. the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and</li><li>f. obtaining written assurance from the external auditor confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</li></ul> <p>For the financial year ended 31 December 2020, the AC had conducted an annual assessment to consider the suitability, objectivity and independence of the external auditor, namely Messrs. Moore Stephens Associates PLT ("MSA"). MSA confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p>
<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>	:		
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**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>	:	Applied
<b>Explanation on adoption of the practice</b>	:	During the financial year ended 31 December 2020, the AC consists of three (3) members, all of whom are Independent Directors. The members of the AC are as follows: -  (i) Mr. Toh Seng Thong (Chairman) (ii) Mr. Edmond Cheah Swee Leng (Member) (iii) Dato' Dr. Norraesah binti Haji Mohamad (Member)

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC consists of three (3) members, all of whom are Independent Directors.</p> <p>Collectively, the AC members have a wide range of necessary skill, knowledge and experience, including accounting experience. Two (2) of the AC members are Chartered Accountant of the Malaysian Institute of Accountants.</p> <p>The profile of each of the members of the AC are disclosed in the Directors' Profile segment in the Annual Report 2020.</p> <p>With the relevant skill sets, knowledge and experience, the AC members are financially literate and are able to understand, analyse, critically and objectively review, challenge and made recommendations on matters under the purview of the AC, including the financial reporting process.</p> <p>All members of the AC have also undertaken and will undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.</p> <p>During the financial year ended 31 December 2020, all members of the AC had undertaken continuous professional development and the trainings and courses attended by the members of the AC are disclosed in the Annual Report 2020.</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

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has overall responsibility for maintaining a system of internal control and risk management that provides a reasonable assurance of effective and efficient operations and compliance with laws and regulations, as well as with internal procedures and guidelines.</p> <p>The Company has appointed outsourced Internal Auditors, PKF as an integral part of control structure and risk management framework of the Group.</p> <p>Please refer to the Statement on Risk Management and Internal Control as disclosed in the Annual Report 2020 for the overview of the state of risk management and internal control of the Group.</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

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

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

### Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Auditors were engaged to prepare and present an Internal Audit Report which summarised the results of Fixed Assets and Inventory Management of the Company and Group in <b>November 2020</b>.</p> <p>The deliverables included in the Internal Auditor's report had been discussed with the Senior Management of the Group. The results of the risk re-assessment represent management's views on the critical focus areas of the Group. The ongoing identification and management of risks remain the responsibility of the Board of Directors and management of the Company.</p> <p>The Company also engages the Internal Auditors to provide independent assessments on the adequacy, efficiency and effectiveness of the Company's internal control system. The Internal Auditors reports directly to the AC and internal audit plans are tabled to the AC for review and approval by the Board to ensure adequate coverage.</p> <p>The risk management and internal control are ongoing processes, which are undertaken at each department. The Company will continuously enhance the existing system of risk management and internal control by taking into consideration the changing business environment.</p> <p>The review and periodic testing of the Company's internal control and risk management framework are conducted as and when required.</p> <p>Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework are disclosed in the Statement on Risk Management and Internal Control in this Annual Report 2020.</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**

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>	:	<p>The internal audit function of the Company is carried out by an outsourced professional service firm, namely, PKF that assists the AC and the Board in managing the risks and establishment of the internal control system and processes of the Company by providing an independent assessment on the adequacy, efficiency and effectiveness of the Company's risk management and internal control system and processes. The Internal Auditors reports directly to the AC.</p> <p>In developing the scope of the internal audit function, the AC was satisfied that –</p> <ol style="list-style-type: none"><li>the person responsible for the internal audit has relevant experience, sufficient standing and authority to enable him to discharge his functions effectively;</li><li>internal audit has sufficient resources and is able to access information to enable it to carry out its role effectively; and</li><li>the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively.</li></ol> <p>The Internal Auditors has and will continue to keep abreast with developments in the profession, relevant industry and regulations.</p> <p>The internal audit function is independent of the operations of the Company and provides reasonable assurance that the Company's system of internal control is satisfactory and operating effectively.</p> <p>The Internal Auditors' risk-based approach towards the planning and conduct of internal audits, are consistent with the Group's framework in designing, implementing and monitoring its internal control system.</p> <p>Areas for improvements are highlighted to the AC and the Board, and the implementation of recommendations have consistently been monitored. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report 2020.</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

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 function is outsourced to PKF and the internal audit staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence. Each internal audit review ranges from one (1) to two (2) staff per visit.</p> <p>The staff involved in the internal audit reviews possess professional qualifications and/or a university degree. The Engagement Partner has a diverse professional experience in internal audit, risk management and corporate governance advisory.</p> <p>The Engagement Partner is Dato' Josephine Low, a Certified Internal Auditor and certified Information Systems Auditor, has a diverse professional experience in internal audit, risk management and corporate governance advisory.</p> <p>The internal audit was conducted using a risk based approach and was guided by the International Professional Practice Framework.</p> <p>Upon conduct of review on the Internal Audit Function, the AC concluded that the Internal Audit Function is independent and PKF has performed their audit assignments with impartiality, proficiency and due professional care for the financial year ended 31 December 2020.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is 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, in its best efforts, always keeps the shareholders and various stakeholders informed of the Company's business and corporate development and ensure that the Company's communication with them is transparent and timely. announcements, news, promotions and all relevant updates are posted on the Company's website regularly.</p> <p>The Board has in place Policy on Shareholder Communications and Investor Relations to ensure that shareholders and the investment community are provided with timely and equal access to balanced and understandable information on the Company to enable shareholders to exercise their rights in an informed manner and to allow shareholders and the investment community to engage actively with the Company.</p> <p>The Board ensures that there is effective, transparent and regular communication with its stakeholders through a variety of communication channels as follow: -</p> <p>(i) Corporate website</p> <p>Shareholders may communicate with the Company on investor relation matters by posting their enquiries to the Company through the Company's web enquiry form on its website, <a href="https://www.adventa.com.my/contact">https://www.adventa.com.my/contact</a>. The Company will endeavour to reply to these enquiries in the shortest possible time.</p> <p>The Company's website includes dedicated sections for corporate governance, investor relations, news and events, and corporate information.</p> <p>(ii) Announcements to Bursa Malaysia Securities Berhad</p> <p>In maintaining the commitment to effective communication with</p>

	<p>shareholders, the Company releases comprehensive, timely and continuing disclosures of information to its shareholders as well as to the general investing public, which also provides additional disclosure of information on a voluntary basis, where possible and applicable. The Company recognises the value of transparent, consistent and coherent communications with the investment community consistent with commercial confidentiality and regulatory considerations. The Company aims to build long-term relationships with shareholders and potential investors through appropriate channels for the management and disclosure of information. The Company strives to disclose all price sensitive information to the public as soon as practicable through Bursa Malaysia Securities Berhad, and in disclosing information to the public, the Company is also guided by Bursa Malaysia Securities Berhad's Corporate Disclosure Guide. All public announcements are electronically published and can be assessed at Bursa Malaysia Securities Berhad's website at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a> or the Company's website at <a href="http://www.adventa.com.my">www.adventa.com.my</a>.</p> <p>(iii) Annual Report</p> <p>Annual Report is also one of the main channels of communication between the Company and its stakeholders. The Annual Report, which is prepared in accordance with the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance, communicates comprehensive information of the financial results and activities undertaken by the Group. All information to shareholders are available electronically as soon as it is announced or published.</p> <p>(iv) AGM</p> <p>Another key avenue of communication with its shareholders is the Company's AGM, which provides a useful forum for shareholders to engage directly with the Company's Directors. During all General Meetings, shareholders are at liberty to raise questions or seek clarification on the agenda items of the general meeting from the Company's Directors.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	

<b>Timeframe</b>	:		
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### Intended Outcome

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

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

### Practice 11.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Company is not categorised as "Large companies" and hence, have not adopted integrated reporting based on a globally recognised framework.
		Alternate Practice: -  Nonetheless, as a mitigation factor, the Board ensures there is continuous communication between the Company and its 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, as explained under Practice 11.1.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Notice of the Seventeenth AGM was issued on 22 June 2020, at least twenty-eight (28) days prior to the date of AGM scheduled on 21 July 2020. This is to ensure that shareholders are given sufficient time to read and consider the resolutions to be resolved.</p> <p>The Notice of General Meeting provides further explanation beyond the minimum content stipulated in the Main Market Listing Requirements for the resolution proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make an informed decision in exercising their voting rights.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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>	:	All the Directors of the Company, including the Chair of the AC, Nomination Committee and Remuneration Committee attended the Seventeenth AGM of the Company held on 21 July 2020.  The Chairman presides over the AGM and where appropriate, directs shareholders' queries to the Managing Director and/or the other Directors of the Company to answer the questions from shareholders during the AGM. The Company uploaded the outcome of AGM on the Company's website as soon as practicable after the conclusion of the said 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**

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>	:	The Company's AGM will be held virtually via an online platform where shareholders will be able to submit proxy form electronically; register for remote participation and voting at AGM; attend and participate at meetings remotely via live streaming; and to vote online remotely on resolutions tabled at the AGM.	
<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  
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.*

Not Applicable.
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