

CORPORATE GOVERNANCE REPORT

STOCK CODE : 8532
COMPANY NAME : PERTAMA DIGITAL BERHAD (FORMERLY KNOWN AS
SINOTOP HOLDINGS BERHAD) (“Pertama Digital” or
“Company”)
FINANCIAL YEAR : June 30, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established a Board Charter and Code of Business Conduct to provide written guidance on the compliance to corporate governance best practices. Board Charter serves as a guideline on the Board's responsibilities and powers conferred upon when carrying out its fiduciary duties. When management of the Company table strategic plans at Board meeting, Board members evaluate the viability, assess its benefits and costs and question the management on essential details.</p> <p>Board members demonstrated willingness and courage of critical analysis of strategic plans, and at the same time, strike a balance that the management is given due liberty and respect for their insights in conducting business of the Group.</p> <p>Review of the deployment of resources (financial, time and human capital) and the progress of implementation of strategic plans are reviewed critically from time to time to ensure the Company is on track to achieve the initial strategic direction and aligned with the Company's long-term goals. Any deviation from the Company's strategic direction will be given attention to and rectification as soon as practicable.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	Independent Non-Executive Chairman (" Chairman ") of Pertama Digital , Datuk Dr. Ng Bee Ken (" Datuk Dr. Ng ") has appropriately and diligently carried out his role to lead the Board in meetings and deliberation. Datuk Dr. Ng is a seasoned practicing lawyer with more than 30 years of exposure in his professional career. His vast professional experience has brought immeasurable value to the Company. Datuk Dr. Ng always leads the Board dutifully and reminds Board members from time to time to be mindful of the fiduciary duties that Board members owe to the Company and its shareholders. When evaluating proposals tabled for Board deliberation and evaluating reports submitted by advisers, Datuk Dr. Ng always act in a professional and impartial manner.
Explanation for departure	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Pertama Digital’s positions of Chairman and CEO (designated as Group Managing Director “GMD”) are held by two different individuals. The position of Chairman is held by Datuk Dr. Ng who is an independent non-executive director whereas the GMD is Mr Pan Ding, an executive director of the Company.</p> <p>This composition has built an ecosystem conducive of healthy check and balance by parties of a different powers and authority, party who has no conflict of interest as the Chairman is not a shareholder of the Company. Ultimately, all deliberations on subjects and efforts put in are in the best interest of Pertama Digital.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by joint company secretaries ("Cosec") who advise it on compliance aspects of rules and regulations applicable to the Company and its subsidiaries. The Cosec advise/support Board members and the management on the following matters, which are non-exhaustive:</p> <ul style="list-style-type: none">a) interpretation, application and compliance to Main Market Listing Requirements, Companies Act 2016, Malaysian Code on Corporate Governance and other applicable rules/regulations.b) proper procedures in conducting Board and Board Committee meetings.c) ensure proper procedures are followed when the Company conducts meeting. The required quorum is ensured when meeting is formally being called. Matters that require discussion of directors in presence of a meeting are properly conducted with the CS advising on the compliance of regulatory aspects.d) ensure that when the Board is deliberating a significant and material transaction/exercise, any director who has an interest in any proposal or transaction, either direct or indirect, which is being presented to the Board for approval, will declare his interest and abstain from deliberation and voting of the same at the Board meeting.e) ensure timely filing of all required statutory documents <p>Other than providing immediate guidance on regulatory compliance during meetings, Cosec is the Company's advisor at all times when concerning regulatory compliance and updates of new regulations.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	Meeting materials are circulated prior to the actual meeting date via emails and printed copies will be distributed at the meetings. Minutes of meeting will be confirmed at the subsequent meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established a Board Charter which serves as a set of properly documented guidelines for Board members to refer in relation to carrying out of their fiduciary duties within the boundary of all applicable rules and regulations.</p> <p>The Board Charter of Pertama Digital has set out clearly the respective roles and responsibilities of the Board, Board committees as well as individual directors.</p> <p>Powers conferred to the Board and individual directors and the authority to act in the capacity of the Board as a whole and in personal capacity are defined.</p> <p>Pertama Digital's Board Charter is reviewed from time to time to assess its suitability and adequacy according to the prevailing operating and regulatory environment and it is accessible on the investor relation page of website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has established a Code of Business Conduct (“CBC”), which although has a different name from recommendation in Practice 3.1, but essentially incorporated guidance of the same spirit. The CBC has provisions that mandate the adoption of certain practices that promote good corporate governance.</p> <p>The CBC of the Company applies to all member companies in the Group, directors and employees.</p> <p>The CBC is accessible on the investor relation page of the corporate website.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has recently revamped its Group Policy on Whistle - blowing ("Policy"), which has been tabled to the Board for review, deliberation and was approved. The Policy spells out clearly its purpose, definition of whistle-blowing and procedural aspects of any whistle-blowing action.</p> <p>The Policy encourages whistleblowing to promote integrity, transparency and compliance with legal and ethical standards of conduct in the Group. It also sets out how whistleblowing may be done.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Company’s Board comprises of two (2) executive directors and four (4) independent non-executive directors. The current composition of Board members is optimal and effective in ensuring a good separation of powers and a check and balance mechanism.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	<p>As at the date of this annual report, three (3) out of four (4) independent directors of the Company have served on the Board for more than nine (9) consecutive years. Their names and length of services are as follows:</p> <ul style="list-style-type: none">a) Datuk Dr. Ng Bee Ken ("Datuk Dr. Ng"), the independent non-executive Chairman who is also Chairman of the Audit Committee and a member of both Nominating and Remuneration Committees, was appointed to the Board on 27 January 2006 and has served the Company for a cumulative term of fourteen (14) yearsb) Mr. Low Yan Seong ("Mr. Low"), independent director, Chairman of the Nominating Committee and member of both Audit and Remuneration Committees, was appointed to the Board on 28 June 2010 and has served the Company for a cumulative term of ten (10) yearsc) Encik Wan Kamarul Zaman ("Encik Wan"), independent director, Chairman of the Remuneration Committee and member of the Audit Committee, was appointed to the Board on 28 June 2010 and has served the Company for a cumulative term of ten (10) years <p>The Board has reviewed and assessed the independence of all three (3) independent directors. The Board opined that their length of service does not in any way jeopardize the exercise of their independent judgement and capability to act in the best interest of the Company. However, as recommended by the MCG the retention of Datuk Dr. Ng, Mr. Low and Encik Wan shall be tabled for shareholders' approval at the forthcoming AGM to be held fully virtual on 8 December 2020.</p>

	The Company does not implement a two-tier voting process as the Board is of the opinion that the tenure of service of the independent directors does not in any way jeopardize their independence.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	The Nominating Committee (“ NC ”) of the Company discloses its policy on gender diversity when considering the candidates for appointment of directors and employment of senior management staff (“ Candidates ”). However, at the moment, it has yet to set a definite target and time frame to achieve this. The Company will not discriminate female Candidates. Instead, it will evaluate Candidates on merits basis and will emphasize on consideration of suitability of their skills and professional background to fulfil needs of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5

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

Application	:	Applied	
Explanation on application of the practice	:	The Company discloses its policy on gender diversity when considering the candidates for appointment of directors and employment of senior management staff (" Candidates "). However, at the moment, the Company has yet to set a definite target and time frame to achieve this. Instead, the Company is taking a stance that it will consider appointing female directors and senior management staff if conditions of Candidates match the search criteria of the Company. The Company will not discriminate female Candidates. All Candidates will be evaluated on merits basis and with emphasis on the suitability of their skills and professional qualifications rather than specifically skewed towards the male gender.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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

Application	:	Applied	
Explanation on application of the practice	:	The Nominating Committee (“ NC ”) is chaired by an independent non-executive director. The NC will consider recommendations from the existing Board members, management, major shareholder and independent third party advisers in identifying suitably qualified candidates to fill Board vacancy/(ies).	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nominating Committee is chaired by Mr Low Yan Seong (“LYS”), who is an Independent Non-Executive Director.</p> <p>LYS is an experienced corporate finance professional who possesses insights in various industries through years of working experience in the corporate finance advisory and auditing experience in the earlier years of his career. In addition, LYS has overseas working experience which is an added advantage in performing human capital management, especially evaluating the qualification, professional competency and relevant working experience.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has made it an annual agenda to perform assessment on Board and Board committee effectiveness in addition to self-evaluation of individual directors (“Evaluation”). Objectives of the Evaluation is to assess the performance and understanding of each director in the capacity of director in a listed company, their insights over the strength and weaknesses of the Company and/or Group and any obstacles faced and/or co-operation that the management had rendered during the course of carrying out their fiduciary duties as directors.</p> <p>The Board effectiveness was assessed from the following aspects :-</p> <ul style="list-style-type: none">a) Board’s responsibilitiesb) Board compositionc) Interaction and engagement with the managementd) Roles of the independent Chairman and Group Managing Director in functioning of the Board as a whole <p>Besides, the independent directors also undergo independence evaluation as per requirements in the Listing Requirements. The intention is to assess and confirm independence of independent directors. All independent directors confirmed their independence for the current reporting financial year ended 30 June 2020.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has drawn up a policy on the remuneration ("Policy") of executive and non-executive directors ("Directors"). The Policy is aimed at providing a proper, systematic and documented set of procedures as guidelines for the Remuneration Committee to determine the remuneration packages of Directors. In order to achieve effective talent management, there need to be a fair reward system to attract, retain and motivate the Directors.</p> <p>Factors that determine the remuneration of Directors :-</p> <ul style="list-style-type: none">a) Expertise, professional or industrial background and the urgency of the Company and/or its subsidiaries to fill the directorship and/or senior management positions vacanciesb) Management experiencec) Availability of candidates with similar talents and professional expertised) Market rates of director's salary / feese) Market practices of other benefitsf) Performance and contribution of a director towards the success and financial performance of the group and/or its subsidiaries <p>The Policy is reviewed from time to time to ensure its relevance to the prevailing market conditions.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has delegated to Remuneration Committee (“RC”) matters related to the remuneration of directors and senior management staff. The terms of reference of RC is disclosed on the Company’s website.</p> <p>The RC works under the guidance of a remuneration policy and procedures drawn up as formal guidelines when acting in the capacity of RC as a whole. There is a clear set up on powers and authority that RC members can exercise.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Company disclosed the remuneration of individual directors in detailed, on a named basis in its annual report commencing from the current reporting financial period, including the respective amount of directors' salary (applicable to executive directors) / directors' fees (applicable to non-executive directors), bonuses, contribution to defined benefits schemes and insurance schemes.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Applied	
Explanation on application of the practice	:	The remuneration of the Company’s top senior management are disclosed on a named basis.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The detailed remuneration of each members of senior management was disclosed on a named basis.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The position of the Company's chairman of the Board and chairman of the Audit Committee ("AC") both are held by Datuk Dr. Ng Bee Ken ("Datuk Dr. Ng"), who is the independent non-executive Chairman of the Company.</p> <p>However, through the presence of independent directors on board, an effective mechanism of check and balance already been implemented, which is the same intention of establishing the AC specifically to oversee financial reporting and audit matters.</p> <p>In addition, the terms of reference of AC has clearly laid down roles and responsibilities of AC members. Therefore, despite the fact that Datuk Dr. Ng holds the position as Chairman for the Board and AC, being a well-trained legal professional, his objectivity and independence is least possible to be impaired given the degree of professionalism from the Company's interaction with and understanding of Datuk Dr. Ng.</p> <p>All Board members are well aware of that ultimately, the Board collectively is responsible for overseeing all matters relating to the Group.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee ("AC") is fully aware of this requirement and have incorporated into their policy that a former key audit partner is required to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC, to preserve the impartiality and objectivity of the AC and its decisions in matters relating to audit and financial reporting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has set up and delegated to the Audit Committee (“AC”) the duties of reviewing matters relating to audit and financial reporting of the Company. All members of the AC are independent non-executive directors who are and have been effective in maintaining their impartiality and objectivity when performing their duties.</p> <p>Under the leadership of the independent non-executive Chairman of the Board, the objectivity and impartiality of the Board is maintained.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	All members of the Audit Committee are independent non-executive directors of the Company.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>All members of Audit Committee ("AC") have professional qualifications, detailed as follows:</p> <ul style="list-style-type: none">a) Datuk Dr. Ng Bee Ken ("Datuk Dr. Ng"), Chairman of AC Apart from holding several law and other qualifications, i.e. bachelor of Law (Honours) from University of Wales, Cardiff, Master of Laws from King's College, London, a certified mediator of the Malaysian Mediation Centre, Master of Science (Corporate Communication), University of Putra, Malaysia and Doctor of Divinity, Datuk Dr. Ng is also an Associate of the Association of Costs and Executive Accountants, England.b) Mr. Low Yan Seong is a Fellow member of The Association of Chartered Certified Accountants ("ACCA") and a practicing corporate finance professional.c) Encik Wan Kamarul Zaman Bin Wan Yaacob has respectable exposure and experience in the banking industry through his working experience in earlier years. <p>In conclusion, all AC members are financially literate and able to understand matters under the purview of AC, including the financial reporting process.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group has established a risk management and internal control ("RMIC") framework to manage risk that the Group faces.</p> <p>The RMIC framework encompasses an RMIC system and procedures that anticipate and respond to the risk factor that the Group faces in its overall operating environment.</p> <p>Besides, there are policies and procedures being drawn up and adopted on key operating areas.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The board discloses the following information about the risk management and internal control system ("RMIC") framework established and currently adopted by the Group in a Statement on RMIC in the annual report :-</p> <p>RMIC of the Group is operated on a basis of separation of duties and responsibilities between the board and management of the group</p> <p>a) The board has duties of overseeing and assessment of the RMIC system and procedures and ensuring timely response and updates on issues;</p> <p>b) Management of the Group has duties of identifying and implementation of rectification and reporting to Audit Committee. At the moment, the Group has yet to established a Risk Management Committee ("RMC")</p> <p>Other information about the Group's RMIC Framework includes roles of the internal auditor (outsourced to a third party firm) and their report on the strength and weaknesses of key control areas, internal procedures that require periodical update to the Board on matters relating to key risk areas, mitigation measures taken and results of those measures, and, roles of the external auditors who reports the outcome of discussion with management on deficiency of internal control that were discovered during the course of auditing.</p> <p>In the Statement on RMIC, the Board also concurs that despite that the RMIC Framework was set up to manage and address risk issues, the RMIC system has inherent limitations that risks can be mitigated but not eliminated entirely.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Group outsourced its internal audit function to a third party firm.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

The board should disclose—

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

Application	:	Applied	
Explanation on application of the practice	:	The Company outsourced its internal audit functions to a third party firm based in Kuala Lumpur. The Company will disclose crucial information on the areas highlighted above.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group uses the following channels to communicate with stakeholders:</p> <p>a) Corporate website b) Announcements on Bursa Malaysia website c) Annual reports d) General meetings (annual and extraordinary)</p> <p>The above channels are effective, transparent and could maintain regular communication with its stakeholders.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Pertama Digital Berhad (Formerly known as Sinotop Holdings Berhad) does not meet the criteria of a large company as defined in the Malaysian Code of Corporate Governance 2017 which are defined as : a) Companies on the FTSE Bursa Malaysia Top 100 Index; or b) Companies with market capitalisation of RM2 billion or above Therefore, the Company is not mandated to apply Practice 11.2.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	This year, the Company complied to this recommended practice of giving notice of an Annual General Meeting at least 28 days prior to the meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	One of the directors, Pan Dong, did not attend the Annual General Meeting 2018 held on 26 November 2019 as he was away in overseas for business trip.	
		Going forward, he will do his best to arrange for attendance at the AGM.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	The Company will be holding a fully virtual Annual General Meeting on 8 December 2020 which involves remote participation and voting by shareholders.
Explanation for departure	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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