

**STOCK CODE** : 7050  
**COMPANY NAME** : WONG ENGINEERING CORPORATION BERHAD  
**FINANCIAL YEAR** : October 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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee and the Board of Directors (“Board”) met with representatives from Management on a quarterly basis where Management reported on the performance and results of the business of the Company and the Group which are benchmarked against the previous year.</p> <p>In accepting report on risk management, the Board noted identification of risks which focussed on strategic, operational and internal controls as well as mitigation of the same.</p> <p>The Board had approved the Annual Budget for FY2021 and the Board members had a robust discussion with the Executive Directors (representing Management) on the perspectives and assumptions in formulating the Annual Budget for FY2021.</p> <p>The Board has established clear functions reserved for the Board and those delegated to Management. The Board is responsible for the overall business framework within which the Group operates. This is formalised into a schedule of events that is reserved for the Board and these included determining overall group strategy and direction to approving acquisitions and divestments, business plan, budgets, capital expenditures, quarterly and annual financial results as well as monitoring financial and operational performance against targets. Management is responsible for the execution of activities to meet corporate plans as well as instituting various measures to ensure due compliance with various governing legislations.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.2

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>Datuk Haji Muhamad Shapiae Bin Mat Ali is the Independent Non-Executive Chairman of the Board. His profile is outlined under Profile of Directors in the Annual Report 2020.</p> <p>Datuk Haji Chairman leads governance activities on the Board, creates a conducive environment geared towards building and growing Directors' oversight and effectiveness and ensures that appropriate issues are discussed by the Board in a timely manner. Essentially, the Chairman ensures that no member dominates discussion so that appropriate discussions take place and that relevant opinions among Board members are forthcoming.</p> <p>Datuk Haji Chairman also ensures that every Board resolution is put to vote with the will of majority to prevail. He also chairs the general meetings and ensures that the conduct of the same in order by ensuring proper flow of resolutions tabled at these meetings and managing communication from the shareholders. He encourages active participation from shareholders during the questions and answers session.</p> <p>The roles and responsibilities of the Chairman of the Board are stated in the Board Charter, which is published on the Company's website at <a href="http://www.wec.com.my">www.wec.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 1.3**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has always made the distinction that the position of the Chairman and the Chief Executive Officer ("CEO") does not reside with the same person to ensure organisational check and balance for better governance. There is a clear and separate division of responsibility in the roles and duties of the Chairman and CEO.</p> <p>Mr Yong Loy Huat is the CEO and he leads Management and is responsible for the day-to-day business and operational management of the Group and has overall responsibilities over the daily conduct of operating units, human resource management with respect to key positions in the Group's hierarchy, financial management and business affairs as well as organisational effectiveness and implementation of Board policies and decisions.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretaries of the Company are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016 as all are members of the MAICSA (Malaysian Institute of Chartered Secretaries &amp; Administrators).</p> <p>The Company Secretary is responsible for advising the Board on regulatory requirements and corporate governance matters.</p> <p>The Company Secretary, is present at all meetings to record deliberation, issues discussed and conclusions in discharging her duties and responsibilities and also provide advice in relation to relevant regulations and legislations.</p> <p>Other roles of the Company Secretary include coordinating on the preparation of Board papers with Management, ensure Board procedures and applicable rules are observed and maintaining records of the Board as well as provide timely dissemination of information relevant to the Directors' roles and functions and keeping them updated on evolving 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>	:	

**Intended Outcome**

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

**Practice 1.5**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The agenda and board papers for consideration are distributed at least seven (7) days in advance before each meeting to ensure that Directors have sufficient time to study them and be properly prepared for discussion and decision-making.</p> <p>Minutes are prepared for all Board and Board Committees' proceedings and will be confirmed and signed by the respective Chairman at the subsequent meetings.</p> <p>The Directors, whether as full Board or in their personal capacity, may upon approval from the Board, seek independent professional advice, if so required in furtherance of their duty, at the Group's expense.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board Charter sets out the Board's strategic roles and responsibilities in discharging its fiduciary and leadership functions. The Board Charter also serves as a primary reference point on governance matters for Directors as it defines the roles and responsibilities of the Board, Board Committees, Chairman, CEO, Executive Directors, Non-Executive Directors, Independent Non-Executive Directors and Company Secretary as well as Schedule of Matters Reserved for collective decision of the Board.
<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 Group is committed to maintaining high standards of ethics, professionalism and integrity in all business dealings. As such, the Group has Ethics Policy and Code of Conduct in place.</p> <p>There is a formalised the Code of Conduct which governs the standards for Labor, Health and Safety, Environment, Business Ethics and Management Systems to manage conformity to the Code of Conduct.</p> <p>Reading together, these reflect the Board’s commitment and underscore tone from the top for proper ethical behaviour expected of the Directors and employees. These documents provide guidance to Directors and employees in their decision-making in that these are correct and comply with high ethical standards particularly those work-related decisions which are highly judgmental.</p> <p>During FY2020, the Group took steps to strengthen its anti-bribery and corruption compliance upon implementation of Section17A(5) of the Malaysian Anti-Corruption Commission Act 2009. Anti-Bribery and Corruption Policy (“ABC Policy”) has been established and enforced across the Group and briefings have been conducted for HODs and will continue to be disseminated all employees within the Group to create awareness and understanding of the significance of ABC Policy which also includes process and procedure to prevent potential violation of this ABC Policy.</p> <p>The Ethics Policy and Code of Conduct is available in the Company’s corporate website at <a href="http://www.wec.com.my">www.wec.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 3.2**

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>	:	The Board has put in place a Whistleblowing Policy. All malpractices or wrongdoings reported by the whistleblower are directed to the Chairman or the Human Resource Manager or CEO. Employees concerned about speaking to another member of staff can speak, in confidence, to the Independent Non-Executive Director at report@wec.com.my. The Whistleblowing Policy is available in the Company’s corporate website at www.wec.com.my.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.1**

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The current Board comprised of seven (7) members with four (4) being Executive Directors, one (1) Non-Independent Non-Executive Director (“NINED”) and two (2) Independent Non-Executive Directors (“INEDs”). The Board is in compliance with Para 15.02 of the Main Market Listing Requirements (“MMLR”) of Bursa Securities (Bursa Malaysia Securities Berhad), which requires that at least two (2) Directors or one-third of the Board of the Company, whichever is the higher, are INEDs.</p> <p>The Board is mindful that it does not comprise at least half of INEDs as it is of the view that the present INEDs, with the breadth of professional background, have enabled the Board to exercise objective judgement on various issues through their sharing of impartial, objective and unbiased opinions and viewpoints.</p> <p>The current composition of the Board Committees, made up of majority INEDs affirmed the Board’s commitment towards independence in Board leadership and provide strong check and balance in the Board’s governance function. Therefore, the lack of the necessary number of INEDs has not jeopardise the independence of Board deliberations and all decisions have been made in the best interest of the Company and the Group.</p> <p>Nonetheless, the Board will address Board succession planning in the near future to ensure that INEDs form 50% of Board composition.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.2**

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

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

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

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	This is Not Adopted in view that the Company does not fall within the definition of "Large Companies".

**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 is supportive of diversity on the Board and in Senior Management team.</p> <p>Appointment of members of the Board and Senior Management team are based on objective criteria, merit and also due regard for diversity in experience, skills set, age and cultural background. The Directors, with their diverse background and professional specialisation, collectively, bring with them a wealth of experience and expertise in areas such as general management and operations, commercial, finance and accounting, corporate affairs, manufacturing, sales and marketing, business, tax, product development, shipping and logistics.</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 supportive of gender diversity on the Board and in senior management team. Following the appointment of Ms Anstey Yong Lee Teen on 2 January 2019, one (1) out of the seven (7) Directors is a female, which testifies to the Group’s commitment on gender diversity.</p> <p>Whilst acknowledging the recommendation of the Code on gender diversity, the Board is of the collective opinion that there is no necessity to adopt a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group. The Nominating Committee and the Board will consider gender diversity as part of its future selection process and will look into increasing female board representation going forward.</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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Ms Anstey Yong Lee Teen was appointed as Executive Director on 2 January 2019. An assessment of her candidacy was carried out by the Nominating Committee. Ms Anstey Yong's candidacy was an internal search and integral part of the executive Board members' succession planning to groom new leader for the Group going forward.	
		The Board will consider recommendation of potential candidates from independent sources in addition to existing Board members, Management or major shareholders.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied			
<b>Explanation on application of the practice</b>	:	The Nominating Committee, comprised solely of NEDs with the present composition as follows:			
		<table border="1"> <tr> <td>Chairman</td> <td>Datuk Haji Muhamad Shapiae Bin Mat Ali</td> </tr> <tr> <td>Members</td> <td>Eng Teik Hiang Lau Chia En</td> </tr> </table>	Chairman	Datuk Haji Muhamad Shapiae Bin Mat Ali	Members
Chairman	Datuk Haji Muhamad Shapiae Bin Mat Ali				
Members	Eng Teik Hiang Lau Chia En				
		The Nominating Committee would meet at least once (1) annually with additional meetings convened on as and when needed basis.			
		The Nominating Committee's key duties and key activities are as disclosed in the Annual Report 2020.			
		The Terms of Reference ("TOR") of Nominating Committee which was last reviewed on 16 December 2020 is accessible for reference on the corporate website at <a href="http://www.wec.com.my">www.wec.com.my</a> .			
<b>Explanation for departure</b>	:				
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>					
<b>Measure</b>	:				
<b>Timeframe</b>	:				



**Intended Outcome**

Stakeholders are able to 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 Nominating Committee undertakes annual assessment of the effectiveness of the Board, the Board Committees and the contribution of each individual Director on an annual basis.</p> <p>All assessments and evaluations carried out by the Nominating Committee in the discharge of all its functions are documented.</p> <p>The assessment is performed on a Board review or self-assessment basis. All Directors are provided with the same set of assessment forms for their completion. The results of all assessments and comments by Directors are summarised and tabled at the Nominating Committee meeting. The Chairman of the Nominating Committee will report the results and deliberation to the Board.</p> <p>The criteria used in the assessment of the Board and the Board Committees focused on board mix and composition, quality of information and decision making, boardroom activities, Board’s relationship with management and board committees.</p> <p>The assessment of individual Director focussed on fit and proper, contribution and performance, calibre and personality, skills set and independence.</p> <p>The assessment in respect of financial year ended 31 October 2020 was carried out with the results deemed satisfactory by the board.</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 objective of the Remuneration Policy is to attract and retain the Directors required to lead and control the Group effectively.</p> <p>The executive Board members play no part in deciding their own remuneration and the respective Board members shall abstain from all discussion pertaining to their remuneration.</p> <p>In the case of executive Board members, the components of their remuneration package are linked to individual and corporate performance. As for the Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities and the onerous challenges in discharging their fiduciary duties.</p> <p>The Directors’ fees reflect the broad-based role and responsibilities as well as time commitment to the Group that go with Board membership.</p> <p>During the year, the Committee considered the remuneration package for the Executive Board members as well as Directors’ fees and benefits payable for the Non-Executive Directors.</p> <p>The Remuneration Policy is available for reference on the corporate website at <a href="http://www.wec.com.my">www.wec.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 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>	:	The Remuneration Committee, comprising majority INEDS, is populated as follows:
		Chairman                      Lau Chia En
		Members                      Datuk Haji Muhamad Shapiae Bin Mat Ali Chang Joo Huat
		The TOR of the Remuneration Committee is available on the corporate website at <a href="http://www.wec.com.my">www.wec.com.my</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 7.1

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

<b>Application</b> :	Applied				
<b>Explanation on application of the practice</b> :	The remuneration received / receivable by the Directors of the Company for FY2020 is as tabulated:				
	Received or to be received from				
	the Company (RM)		The Group (RM)		
			Salaries & other emoluments <sup>1</sup>		
Directors	Fees	Allowance			Total (RM)
<b>Non-Executive Directors</b>					
Datuk Haji Muhamad Shapiae Bin Mat Ali	60,000	3,000	-		63,000
Eng Teik Hiang	35,000	3,000	-		38,000
Lau Chia En	40,000	3,000	-		43,000
<b>Sub-total</b>	<b>135,000</b>	<b>9,000</b>	<b>-</b>		<b>144,000</b>
<b>Executive Directors</b>					
Yong Loy Huat	30,000	3,000	281,400		314,400
Chang Joo Huat	30,000	3,000	270,000		303,000
Low Seong Chuan	30,000	3,000	83,790		116,790
Anstey Yong Lee Teen	30,000	12,000	252,700		294,700
<b>Sub-total</b>	<b>120,000</b>	<b>21,000</b>	<b>887,890</b>		<b>1,028,890</b>
<b>Grand total</b>	<b>255,000</b>	<b>30,000</b>	<b>887,890</b>		<b>1,028,890</b>
	Note: <sup>1</sup> This includes bonus as well as statutory contributions.				
<b>Explanation for departure</b> :					
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>					
<b>Measure</b> :					
<b>Timeframe</b> :					

**Intended Outcome**

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

**Practice 7.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment and the importance of ensuring stability and continuity of business operations with a competent and experienced Management team in place, the Board takes the view that there is no necessity for the Group to disclose the names of the Company's Senior Management personnel who are not Directors or the CEO.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	This is Not Adopted in view that the Company does not fall within the definition of "Large Companies".

**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>	:	Mr Lau Chia En is the Chairman of the AC while Datuk Haji Muhamad Shapiae Bin Mat Ali is the Chairman of the Board.  Details on the composition, TOR and other pertinent facts of the AC is outlined under the AC Report in the Annual Report 2020.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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>	:	None of the members of the Board were former key audit partners. Hence, no former key audit partner is appointed to the AC. As such, there was no need to establish such policy presently. The policy will be established when the need arise in future.  The Board will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the AC is a former key audit partner.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.3**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC undertakes an annual assessment of the suitability and independence of the external auditors and is satisfied with the technical competency, quality of audit engagement and independence of the external auditors. The AC meets with the external auditors at least once a year to discuss their audit plan, audit findings and the Company’s financial statements. At least once a year and whenever necessary, the AC meets with the external auditors without the presence of executive Board members or Management personnel, to allow the AC and the external auditors to exchange independent views on matters which require the AC’s attention.</p> <p>The only recurring non-audit service provided by the external auditors is the review of Statement on Risk Management and Internal Control (“SORMIC”).</p> <p>The external auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the professional and regulatory requirements.</p> <p>A summary of activities of the AC during the financial period under review is set out in the AC Report 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**

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>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	This is Not Adopted in view that the Company does not fall within the definition of "Large Companies".

**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 currently comprises of members with professional experience in financial management, business, corporate finance and economy. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy give the AC the ability to effectively discharge their roles and responsibilities.</p> <p>The AC is mindful of the need to continuously undertake professional development training to keep themselves abreast of relevant developments in accounting and accounting standards, practices and rules by way of job training, attendance of various workshops, seminars and briefing sessions.</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 recognises the importance of sound internal controls which encompass risk management practices as well as financial, operational and compliance controls on a quarterly basis. In this respect, the Board affirms its overall responsibility for the Group’s systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems.</p> <p>The SORMIC provides an overview on the state of internal controls and risk management within the Group.</p> <p>Continuous reviews are carried out by the internal audit function, management and the recently established Risk Management Committee (“RMC”) to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. The findings of the internal audit function are reported to the AC at least <b>once a year</b>.</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 Board recognizes that identification, evaluation and management of significant risks faced by the Group is an ongoing process. The Board reviews internal control issues identified by the management and internal auditors and evaluates the adequacy and effectiveness of the Group’s risk management and internal control system.</p> <p>The CEO has given assurance to the Board that the Group’s risk management and internal control have been operating adequately and effectively in all material aspects during the year and up to the date of this Statement. Taking this assurance into consideration, the Board is of the view that the systems of internal control and the risk management is considered adequate for the Group’s business operations.</p> <p>The SORMIC in the Annual Report 2020 provides an overview on the state of internal controls and risk management within 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 9.3 - 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>	:	This is Not Adopted in view that the Company does not fall within the definition of "Large Companies".  The risk management functions are incorporated into the TOR of the AC.  A management level RMC was established on 22 August 2011. Presently, Mr Chang Joo Huat, Executive Director, chairs the Risk Management Committee.

**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 is independent of the operations of the Group and is outsourced to a competent consulting firm which is sufficiently resourced to provide the services that meet with the Group's required service level.</p> <p>The activities of the internal auditors during the financial period are set out in the AC Report 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 an independent consulting firm, Finfield Corporate Services Sdn Bhd which is sufficiently resourced and is a member of the Institute of the Internal Auditors Malaysia to provide the services that meet with the Group’s required service level. The expenses incurred for internal audit amounted to RM15,718.00 for FY2020.</p> <p>The service provider has been able to provide reasonable assurance that the Group’s system of internal control and risk management is satisfactory and operating effectively. The internal auditors adopt a risk-based approach towards the planning and conduct of their audits, and this is consistent with the Group’s approach in designing, implementing and monitoring its internal control system.</p> <p>The activities of the internal auditors during the financial period are set out in the AC Report 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**

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 Group recognises the value of transparent, consistent and coherent communications with the investment community consistent with commercial confidentiality and regulatory considerations. The Group aims to build long-term relationships with shareholders and potential investors through appropriate channels for disclosure of information.</p> <p>Annual reports, press releases, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.</p> <p>Shareholders and Investors are provided with sufficient business, operational and financial information on the Group to enable them to make informed investment decisions.</p> <p>The CEO is the designated spokesperson for all matters related to the Group and dedicated personnel are tasked to prepare and verify material information for timely disclosure upon approval by the Board.</p> <p>The Group maintains a website at <a href="http://www.wec.com.my">www.wec.com.my</a> for shareholders and the public to access information on, amongst others, the Group's background and products, financial performance and updates on its awards and recognitions and promotions. Stakeholders can at any time seek clarification or raise queries by email through the corporate website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 11.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	This is Not Applicable to the Company in view that the Company does not fall within the definition of "Large Companies".	
<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>	:	The notice for the upcoming 24 <sup>th</sup> AGM in 2020 has been provided twenty-eight (28) days in advance to enable shareholders to make adequate preparation.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	All Directors had attended the 23 <sup>rd</sup> AGM held on 22 July 2020.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Based on the past trend of number of shareholders, the Company does not have a large number of shareholders. Also, a large majority of shareholders are Malaysians. As such, the concern over voting in absentia and/or remote shareholders' participation at AGM do not apply.</p> <p>As of now, the Company encourages participation of shareholders through the issuance of proxies when there is indication that shareholders are unable to attend and vote in person at general meetings and maintain the same location for the AGM for the past years.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

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

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

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