

Corporate Governance **OVERVIEW STATEMENT**

The Board of Directors of Prestariang Berhad (the Company) recognises the importance of maintaining the highest standards of corporate governance and best practices in the business and affairs of the Company and its group of companies (the Group).

The Board, Management and employees of the Group affirm their commitment in ensuring that the Group is at the fore front of good governance. In this regard, the Group adheres to the following statutory requirements, best practices and guidelines:-

- i. Companies Act 2016 (CA 2016)
- ii. Bursa Malaysia Securities Berhad (Bursa Malaysia) Main Market Listing Requirements (MMLR)
- iii. Malaysian Code of Corporate Governance (the Code)
- iv. Corporate Governance Guide: Moving from Aspiration to Actualisation (CG Guide).

This Corporate Governance Overview Statement (this Statement) is prepared in compliance with the MMLR and guided by the key principles set out in the Code. It is to be read together with the Company's Corporate Governance Report which detail out on how the Company applies the Code and can be downloaded through the Company's website: <https://www.prestariang.com.my/investorrelations/home.html>

The Principles and Practices encompass in the Code also serves as a fundamental guide to the Board in discharging its principal duty to act in the best interest of the Group and the Company, and managing the business and affairs of both the Group and the Company efficiently and effectively while safeguarding and enhancing shareholders' value.

The Board views the corporate governance as synonymous with the four (4) prerequisites of a responsible corporate citizen, namely transparency, accountability, integrity and corporate performance. In recognition of the Group and the Company's efforts, the Company continues to be listed in FTSE4Good Bursa Malaysia Index which is the Environmental & Social Governance Index (ESG) introduced by Bursa Malaysia to measure listed companies' responsibility in environmental, social and corporate governance. It is a collaboration with Financial Times Stock Exchange (FTSE) as part of the globally benchmarked FTSE4Good Index Series and is aligned with other leading global Environmental, Social & Governance frameworks such as the Global Reporting Initiative and the Carbon Disclosure Project.

The diagramme below describes the governance framework of the Group. It shows interactions between the Board and its stakeholders. The Group has in place the process to ensure delegation flows through the Board and its committees and into the organisation.



Following the release of the Code and the CG Guide in 2017, the Company Secretaries have briefed the Board and the Company's key senior management on the application of Code, whereby a Gap Analysis Report has been prepared to set out the comparison between the CG practices of the Company and the standards set out in the Code. Pursuant thereto, the Board has endorsed the action plan as highlighted in the Gap Analysis Report for implementation.

The Board is pleased to share the following statement and explain how the Group has applied the three (3) principles which are set out in the Code, namely:-

- (a) Board leadership and effectiveness;
- (b) Effective audit and risk management; and
- (c) Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Company recognises the pivotal role played by the Board in the stewardship of its strategic business direction and ultimately in the enhancement of its long-term shareholder value.

The Board remains resolute and upholds its responsibility in governing, guiding and monitoring the direction of the Company with the eventual objective of enhancing long term sustainable value creation aligned with shareholders' interests whilst taking into account the long-term interests of all stakeholders, including shareholders, employees, customers, business associates and the communities in which the Group and the Company conducts its business.

The Company is led and controlled by an effective Board comprising of one (1) Executive Director, namely Dr. Abu Hasan Bin Ismail, the President/Group Chief Executive Officer (President/GCEO) together with five (5) Non-Executive Directors drawn from various professional backgrounds, bringing depth and diversity in experience, expertise and perspectives to the Company's business operations.

Board Charter

Based on the Board Charter, the Board's primary commitment is to lead and oversee the business of the Company and to ensure that the conduct of the Group's operations promotes business sustainability, integrity and complies with the relevant law, rules and regulations.

The Board's roles are:-

- a. to represent and serve the interests of shareholders by overseeing and evaluating the Company's strategies, policies and performance;
- b. to ensure the shareholders are kept informed of the Company's performance and major developments affecting its state of affairs;
- c. to review, approve and monitor the strategic business plans, goals and key policies proposed by Management to ensure sustainability and optimization of long term returns for the Group;
- d. to identify, continuously assess and manage the principal risks affecting the Group and to ensure the implementation of appropriate systems to manage these risks;
- e. to plan succession, including appointing, training, fixing the remuneration of and where appropriate, replacing senior management of the Group;

- f. to develop and implement an investor relations program or shareholder communications policy for the Company;
- g. to review the adequacy and integrity of the Company's internal control and risk management systems as well as management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- h. to determine the remuneration of Executive Directors and Non-Executive Directors of the Group, with the individuals concerned abstaining from discussions of their own remuneration; and
- i. to ensure that the Company has appropriate corporate structures including standards of ethical behaviour as stated in the Directors' Code of Ethics and promoting a culture of corporate responsibility.

Matters that are reserved for the Board is clearly stated in the Board Charter which is subject to review from time to time. A copy of the Board Charter is available on the Company's website at www.prestariang.com.my.

The Board members, in carrying out their duties and responsibilities, are firmly committed to ensuring that the highest standards of corporate governance and corporate conduct are adhered to, and cultivated throughout the organisation, in order for the Company to achieve strong financial performance for each financial year, and more importantly delivers long-term and sustainable value to shareholders.

Directors' Code of Ethics

The adopted Directors' Code of Ethics described the standards of business conduct and ethical behaviour for Directors in the performance and exercise of their responsibilities as Directors of the Company or when representing the Company, including declaration of interests, conduct in meetings and guidelines in accepting gifts.

The Directors have continued to observe the said Directors' Code of Ethics in carrying out their fiduciary duties and responsibilities. This is to ensure that high ethical standards are upheld, and that the interests of stakeholders are always taken into consideration. The Directors are required to declare their direct and indirect interests in the Company and related companies. It is also the Directors' responsibility to declare to the Board whether they and any person(s) connected to them have any potential or actual conflict of interest in any transaction or in any contract or proposed contract with the Company or any of its related companies. Any Director who has an interest in any related party transaction shall abstain from Board deliberation and voting and shall ensure that he and any person(s) connected to him will also abstain from voting on the resolution before him.

A copy of the Director's Code of Ethics is available on the Company's website at www.prestariang.com.my.

Whistle Blowing Policy

In order to uphold the integrity of the Company in conducting its business, the Company continues to implement the approved Code of Conduct which contains the Whistle-Blowing Policy.

The policy is designed to enable employee of the Company to raise concern internally and at a high level and to disclose information which the individual believes shows malpractice or impropriety.

Examples of those concerns include:

- Financial malpractice or impropriety or fraud
- Failure to comply with a legal obligation or Statutes

- Endangerment of an individual's health & safety or the environment
- Criminal activity/offences
- Improper conduct or unethical behaviour
- Corruption, bribery or blackmail
- Miscarriage of justice
- Attempt to conceal of any/or a combination of the above

A copy of the Whistle Blowing Policy is available in the Company's website at www.prestariang.com.my.

As at the date of this Statement, the Company has not received any complaint under this procedure.

Policy on Sustainability

The Board acknowledges the importance of promoting sustainability by giving attention to environmental, social and governance aspects of business which underpin sustainability.

In line with the approved Sustainability Policy which enforces the Group's commitment to its employees, customers, distributors and other stakeholders in promoting good sustainability practices, the Company has implemented various sustainability activities as set up on page 49 of the Annual Report.

The Board and the Company continue to seek improvements on all aspects of sustainability and measure progress accordingly.

Chairman and President/GCEO

The roles of the Chairman and the President/GCEO are segregated and clearly defined by their individual position descriptions. The roles are held by different individuals. The Chairman is responsible in providing leadership for the Board to ensure that all Directors receive sufficient and relevant information on financial and non-financial matters to enable them to participate actively in Board decisions. The key roles and responsibilities of the Chairman as set out in the Board Charter of the Company include:-

- To provide governance in matters requiring corporate justice and integrity;
- To manage Board's communications and effectiveness and effective supervision over management;
- To create conditions for good decision making during Board's and shareholders' meetings;
- To ensure Board's proceedings are in compliance with good conduct and best practices;
- To protect the interest and provide for the information needs of various stakeholders;
- To maintain good contact and effective relationships with external parties, investing public, regulatory agencies and trade associations;
- To ensure that quality information to facilitate decision-making is delivered to the Board on timely manner; and
- To ensure compliance with all relevant regulations and legislation.

The Board reviews, approves and monitors the strategic business plans, goals and activities proposed by Management from time to time to ensure sustainability and optimization of long term returns for the Group.

The President/GCEO and the Chief Executive Officers (CEOs) of each of Group's business divisions shall act in accordance with the powers delegated as per the limits of authority by the Board from time to time.

The President/GCEO shall be more focused on strategic function and overseeing at macro level while the CEOs of the respective business divisions shall be responsible to execute and implement the strategies, operations and activities of the respective business units with a view to achieve their respective goals and targets.

At the onset of each financial year, the Board considers and approves a set of key performance indicators (KPIs) and expectations on the basis of the Balanced Scorecard for the President/GCEO and also the CEOs of the Group's business divisions as recommended by the Remuneration Committee. The KPIs consist of parameters encompassing financial and non-financial criteria, such as revenue, profit before tax, new business contracts, Environment, Social and Governance (ESG) performance, milestone achievement (quantitative and qualitative measures) as determined by the Board. This serves as a yardstick against which their performance will be measured and evaluated. These KPIs are cascaded down to the Management.

Company Secretaries

The Board members have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries advise the Board on the Company's constitutions, Board's policies and procedure and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Board is regularly updated and apprised by the Company Secretaries who are experienced, competent and knowledgeable, on the laws and regulations (or any amendments thereto), as well as directives issued by the regulatory authorities. The Company Secretaries brief the Board on proposed contents and timing of material announcements to be made to Bursa Malaysia. The Company Secretaries also serve notice to the Directors and principal Officers to notify them of closed periods for trading in the Company's shares, and timely communication of decisions made and in accordance with the black-out periods for dealing in the Company's securities pursuant to Chapter 14 the Bursa Malaysia MMLR.

The Company Secretaries attend and ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory books kept at the registered office of the Company. The Company Secretaries also facilitate timely communication of decisions made and policies set by the Board at Board meetings, to the Senior Management for action. The Company Secretaries work closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

Supply of Information

All members of the Board are supplied with information in a timely manner. Board reports and meeting papers are circulated in advance prior to Board meetings to enable Directors to obtain further information and explanations, where required, before the meetings. Minutes of meetings, which accurately reflect the deliberation and decisions of the Board are also circulated within a reasonable period of time upon conclusion of each meeting.

Each Director has access to information pertaining to the Company's and the Group's business and affairs to enable them to discharge their duties. In addition, certain matters are reserved specifically for the Board's decision. These include approval of material acquisitions and disposals of assets, major corporate plans, financial results, and Board appointments.

The Directors also have direct access to the advice of the Company Secretaries, independent professional advisors and internal and external auditors, as and when appropriate, at the Company's expense.

The Board members are at liberty to seek independent professional advice on matters relating to the fulfilment of their roles and responsibilities. The cost of procuring these professional services will be borne by the Company.

Financial Reporting

The Board aims to provide a balance and meaningful assessment of the Group's and the Company's financial performance and prospects through the annual financial statements, quarterly announcements of results to shareholders and the Management Discussion and Analysis in the Annual Report.

The Board, assisted by the Audit Committee, oversees the financial reporting process and the quality of the Group's and Company's annual and interim financial statements. It also reviews the appropriateness of the Group's and Company's accounting standards and regulatory requirements.

The Audit Committee had conducted an assessment and obtained confirmation from the External Auditors that they are independent in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

The Company has established a transparent arrangement with the Auditors to meet their professional requirement. Key features underlying the relationship of the Audit Committee with the Internal and External Auditors are included in the Audit Committee Report on pages 108 to 111 of this Annual Report.

The Audit Committee meets with the external auditors privately twice a year and whenever necessary, without the presence of the other directors or Management, to exchange independent views on matters which require the Audit Committee's attention.

The Audit Committee has conducted an annual assessment on the External Auditors to ensure the External Auditors continue to be suitable and independent.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements of the Group and the Company is set out on page 117 of this Annual Report.

BOARD COMPOSITION

The Executive Directors are responsible for providing strategic leadership and overseeing the day-to-day operations and management within their specific areas of expertise or assigned responsibilities.

The Non-Executive Directors are independent from Management. Their role is to constructively challenge the Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with Management at all levels, and they engage with the external and internal auditors to address the matters concerning the management and oversight of the Company's business and operations.

The roles and responsibilities of Non-Executive Directors include the following:-

- providing independent and objective views (in the case of Non-Executive Directors who are Independent Non-Executive Directors), assessment and suggestions in deliberations of the Board;
- ensuring effective check and balance in the proceedings of the Board;
- mitigating any possible conflict of interest between the policy-making process and day-to-day management of the Group and the Company; and
- constructively challenging and contributing to the development of the business strategies and direction of the Group and the Company.

To ensure the effectiveness of the Independent Non-Executive Directors on the Board, the independence assessment are conducted annually.

The Board Committees report to the Board on their recommendations, while the ultimate responsibility for decision making lies with the Board.

Through the recommendation of the Nomination Committee, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interests of the Company.

At present, the Board consists of six (6) members, comprising one (1) Executive Director, one (1) Non-Independent Non-Executive Director, one (1) Senior Independent Non-Executive Director and three (3) Independent Non-Executive Directors.

The Board had identified Dato' Maznah Binti Abdul Jalil to be the Senior Independent Non-Executive Director to whom concerns may be conveyed to by shareholders and the general public.

The status of the Directors' directorship is as follows:-

Directors	Status
Dato' Mohamed Yunus Ramli Bin Abbas	Independent Non-Executive Chairman
Dr. Abu Hasan Bin Ismail	Non-Independent Executive Director
Dato' Maznah Binti Abdul Jalil	Senior Independent Non-Executive Director
Paul Chan Wan Siew	Independent Non-Executive Director
Ramanathan A/L Sathiamutty	Independent Non-Executive Director
Nik Amlizan Binti Mohamed	Non-Independent Non-Executive Director

The Company complies with Bursa Malaysia MMLR with regards to Board's composition and the required ratio of Independent Directors. The profiles of the Directors are set out on pages 32 to 35 of this Annual Report.

The Board Charter provides that the tenure of an independent director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. Otherwise, the Board must provide justification and seek shareholders' approval at the Annual General Meeting (AGM) in the event it retains the director as an independent director. None of the Directors exceeds the nine (9) years' tenure in the Company and subject to the re-designation and/or shareholders' approval, hence there is no resolution on the said matter to be tabled at the forthcoming AGM for shareholders' approval.

The Board will, from time to time, review its composition and size to ensure it fairly reflects the investments of the shareholders of the Company while at the same time having due regard for diversity in skills, experience, age, cultural background and gender.

On boardroom diversity, the Board is supportive of and have complied with the boardroom gender diversity as recommended by the Code.

Since 2016, the Board has fulfilled this requirement and currently consists of two (2) female directors hence have fulfilled the target of 30% women participation on Board. The Board targets to improve further on the gender diversity ratio.

The Directors, with their diverse background and qualifications, collectively bring with them a wide range of experience and expertise in areas such as accounting and auditing, taxation, finance, information technology and investment.

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors are subject to retirement by rotation at every AGM and provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. Directors who are appointed by the Board are subject to re-election by the shareholders at the annual general meeting held following their appointments. Pursuant to the Article 95 of the Company's Articles of Association, the Directors who are subject to re-election by rotation are Dato' Maznah Binti Abdul Jalil and Mr. Chan Wan Siew, of whom being eligible for re-election, have offered themselves for re-election at this forthcoming AGM.

The right for the shareholders to vote annually for election/re-election of all directors is explicitly provided in the Company's Articles of Association and Board Charter. The results of shareholders voting in the AGM are disclosed in detail in the AGM minutes as published in our website.

Meetings

Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and pencil the next year's Board meetings into their respective meeting schedules.

During the financial year ended 31 December 2017, the Board met on seven (7) occasions, deliberating upon and considering a variety of matters including the Group's and the Company's financial results, major investments, strategic decisions and the overall direction of the Group and the Company.

Agenda and matters for discussion are prepared and circulated in advance of each meeting. All proceedings from Board meetings are recorded and the minutes are maintained by the Company Secretaries.

Details of Directors attendance at meetings of the Board during the financial year under review are as follows:-

Name of Directors	No. of meetings attended
Dato' Mohamed Yunus Ramli Bin Abbas	7/7
Dato' Maznah Binti Abdul Jalil	7/7
Dr. Abu Hasan Bin Ismail	7/7
Paul Chan Wan Siew	7/7
Ramanathan A/L Sathiamutty	7/7
Nik Amlizan Binti Mohamed	7/7

Directors' Training

Amongst others, the training programs/seminars/forums attended by the Directors during the financial year are as follows:-

Name of Directors	Trainings Programs/Seminars/Forums Attended
Dato' Mohamed Yunus Ramli Bin Abbas	<ul style="list-style-type: none"> • Bursa Malaysia's Sustainability Engagement Series for Directors/ Chief Executive Officers 2017 • Global Transformation Forum 2017- Discover The Secrets of Transformation • MyDigital Leaders Convention 2017-Digital Transformation Public Sector Digital Competencies
Dato' Maznah Binti Abdul Jalil	<ul style="list-style-type: none"> • Bursa Malaysia's Sustainability Forum 2017: "The Velocity of Global Change & Sustainability- The New Business Model" • Global Transformation Forum 2017- Discover The Secrets of Transformation • Advocacy Sessions on Corporate Disclosure for Directors and Principal Officers of Listed Issuers • 2018 Budget and Its Impact on Capital Market • Industry Transformation Initiative - Economics and Capital Market 1 : Forces Shaping Global Capital Markets • MyDigital Leaders Convention 2017- Digital Transformation Public Sector Digital Competencies • The CG Breakfast Series For Directors- Leading Change @ The Brain
Dr. Abu Hasan Bin Ismail	<ul style="list-style-type: none"> • Global Transformation Forum 2017- Discover The Secrets of Transformation • MyDigital Leaders Convention 2017- Digital Transformation Public Sector Digital Competencies • The Social Learning Conference 2017, Sydney, Australia
Paul Chan Wan Siew	<ul style="list-style-type: none"> • Sustainability Forum • Malaysia Strategic Outlook 2017 • ICT Practitioners Seminar • Global Transformation Forum 2017- Discover The Secrets of Transformation • Integrated Reporting: by Richard Howitt (CEO)(and Jonathan Labrey (CSO) of IIRC • Ascend Pan Asian Directors Summit 2017, Palo Alto, California • Future of Governance in South Korea, Singapore • SDG Business Summit • FIDE Forum – Risk & Reward Seminar • Thai Institute of Directors National Conference 2017, Bangkok – As Speaker • FinTech Seminar • Cryptocurrency, Blockchain • Ascend National Convention 2017, Houston, Texas • Women in Leadership Summit – Moderator/Facilitator • NACD Global Board Leaders Summit, National Harbor, MD, USA • (International Integrated Reporting Council) IIRC Convention 2017 – As Speaker/Panelist • 22nd Malaysian Capital Market Summit 2017 – As Speaker • Driving Financial Integrity & Performance – Enhancing Financial Literacy Program • Integrated Reporting, Breakfast Talk • MyDigital Leaders Convention 2017- Digital Transformation Public Sector Digital Competencies • NACD Advanced Director Professionalism Program, Miami, Florida

Name of Directors	Trainings Programs/Seminars/Forums Attended
Ramanathan A/L Sathiamutty	<ul style="list-style-type: none"> • Digital Mindset Training • Global Transformation Forum 2017- Discover The Secrets of Transformation • Mobile World Congress Conference • Chief Transformation Officer Meeting • Broadband Conference
Nik Amlizan Binti Mohamed	<ul style="list-style-type: none"> • Global Transformation Forum 2017- Discover The Secrets of Transformation • CIMB 11th Annual Indonesia Site Tour & Conference • The Southeast Asia Venture Capital & Private Equity Conference • Champion Training- Lean Sigma for Leaders • ICGN Annual Conference 2017 • Effective Internal Audit Function for Audit Committee (AC) Workshop • KWAP Teambuilding Program 2017 • ESG Awareness Campaign • Inspirational Talk : Managing Across Generations

Apart from attending various conferences, seminars and training programs organised by external/internal organisers during the financial year, the Directors also continuously received briefings and updates on regulatory from the Company Secretaries and industry including information on the Group's businesses and operations, risk management activities and other initiatives undertaken from Management.

The Board, with the assistance of the Nomination Committee would determine a continuous education program for Board members to upgrade their skills in enhancing their effective contribution.

Protocol for accepting new directorships and Time Commitment

The Board also acknowledges that before accepting any new directorships, directors should notify the Chairman and indicate the amount of time that will be spent on the new appointment. The directors are expected to devote sufficient time to discharge their duties as directors of the Company.

In accordance with the Board Charter, each newly appointed director shall be briefed on the terms of their appointment, their duties and obligations and on the operations of the Group. Copies of the following documents are given:-

- Board Charter;
- Memorandum & Articles of Association;
- Directors' Code of Ethics;
- Board Committees' composition and Terms of Reference;
- Latest business plans;
- Latest annual reports and financial statements; and
- Organisation chart.

Leadership Development

The Company believes in talent development particularly for key positions successor which is in line with the Leadership Development. Subsequent to the Succession Plan framework endorsed in 2014 and the restructuring of the Group's core business activities effective from 1 March 2017 (hereinafter referred to as Group Restructuring) the Company has streamlined and aligned key positions to drive the transformational business.

The key positions grow in tandem with the growth and development of the Company. The President/GCEO and the relevant Board committees spend a significant amount of time and effort evaluating key potential candidates, including by maintaining a compilation of potential candidates organised by strategic skill set. The Company is particularly focused on identifying individuals whose skills and experiences will contribute to the shaping of our business strategy with diverse and balanced perspectives to the organization. The Company subscribes to diversity in terms of experience, capability, nationality, ethnicity and gender.

Committees established by the Board

The Board delegates certain responsibilities to the Board Committees, namely the Audit Committee, Nomination Committee, Risk Management Committee, Remuneration Committee and Finance and Investment Committee in order to enhance business and operational efficiencies as well as efficacies.

All Board Committees have written terms of reference and the Board receives all minutes and reports of their proceedings and deliberations, where relevant. The Chairmen of the various Committees report to the Board on the outcome of the Committee meetings. Such reports are incorporated in the minutes of the full Board meetings.

The terms of reference of the Board Committees are available online at www.prestariang.com.my.

Audit Committee

The Company's Audit Committee is fully independent and comprises Non-Executive Directors, where all three (3) members are independent, and presently chaired by Mr. Paul Chan Wan Siew.

The Audit Committee meets at least four (4) times annually.

During the financial year, the Audit Committee held four (4) meetings and details of attendance of its members are as follows:-

Name	No. of meetings attended
Paul Chan Wan Siew - Chairman	4/4
Dato' Maznah Binti Abdul Jalil	4/4
Ramanathan A/L Sathiamutty	4/4
Nik Amlizan Binti Mohamed (<i>Resigned w.e.f. 22 March 2018</i>)	4/4

The Executive Directors, Chief Financial Officer, Senior Manager Corporate Governance and the internal auditors, have attended the Audit Committee meeting by invitation. Where appropriate, the external auditors are invited to attend and brief the Audit Committee and provide responses to queries raised by the Audit Committee in respect of the Company's Financial Statements and reporting requirements.

With the view to maintain an independent and effective Audit Committee, majority of its members are financially literate, possess the appropriate level of expertise and experience, and has strong understanding of the Company's business.

Nomination Committee

The Company's Nomination Committee comprises exclusively of Non-Executive Directors, and majority of the members are independent. Dato' Maznah Binti Abdul Jalil, the Senior Independent Non-Executive Director of the Company, is presently the Chairperson of the Nomination Committee.

The Nomination Committee meets at least once a year or as and when required. The composition of Nomination Committee is set out as below:-

Name	No. of meeting attended
Dato' Maznah Binti Abdul Jalil (Chairperson)	1/1
Paul Chan Wan Siew	1/1
Nik Amlizan Binti Mohamed	1/1

The main activities carried out by the Nomination Committee during the financial year are as follows:-

- Discussed on the proposed realignment and reorganisation of the Group;
- Reviewed and recommended to the Board of Directors on the appointment of Chief Executive Officer of Prestariang SKIN Sdn. Bhd.;
- Reviewed and recommended to the Board of Directors on the re-designation of the Chief Executive Officer Talent & Software Division as the Director of Service Delivery under Prestariang SKIN Sdn. Bhd.;
- Reviewed the Directors who are subject to retirement by rotation pursuant to the Company's Articles of Association;
- Assessed the performance of the Board and Board Committees; and
- Assessed the independence of the Independent Directors of the Company.

In considering candidates for directorship, the Nomination Committee does not solely rely on recommendations from existing board members, management or major shareholders. The Nomination Committee would take into account the following:-

- skill, knowledge, expertise, experience;
- professionalism;
- integrity; and
- the ability to discharge such responsibilities and functions as expected from a director.

The periodical review of the Board's performance is provided in the Board Charter whereby annual assessment is carried out at the end of each financial year. The annual assessments for the performance of Board, individual director and Committees were conducted for the financial year ended 31 December 2017. Directors and Committees provided anonymous feedback on their peers' performance and individual performance contribution to the Board and respective Committees. The results were then collated by the Company Secretaries and tabled to the Nomination Committee for deliberation. Each Director was provided feedback on their contribution to the Board and its Committees. The review supported the Board's decision to endorse all retiring Directors standing for election. The assessment report together with the report on the Board balance (the required mix of skills, experience and other qualities) are discussed and circulated to the Board in March 2018 meeting. The results affirmed that the Board and each of its Committees continue to operate effectively.

Remuneration Committee

The Remuneration Committee is made up of (3) Directors all of whom are independent and is presently chaired by Mr. Ramanathan A/L Sathiamutty.

The Remuneration Committee meets at least once a year or as and when required. The composition of Remuneration Committee and the number of meetings held are set out as below:-

Name	No. of meetings attended
Ramanathan A/L Sathiamutty (Chairman)	2/2
Paul Chan Wan Siew	2/2
Dato' Maznah Binti Abdul Jalil (<i>Appointed w.e.f. 22 March 2018</i>)	-
Dr. Abu Hasan Bin Ismail (<i>Resigned w.e.f. 22 March 2018</i>)	2/2

The summary of activities of the Remuneration Committee during the financial year under review is as follows:-

- Reviewed and recommended to the Board on the Proposed Balanced Scorecard and Key Performance Indicators of the President/GCEO for the year 2017;
- Reviewed the Balance Scorecard/Key Performance Results for the year 2016 for the President/GCEO and A1 C-Suite Level Officers;
- Reviewed and recommended to the Board on the Proposed salary increment, adjustment and promotion for the year 2017 for the Group;
- Reviewed and Recommended to the Board on the salary of the President/GCEO and Chief Financial Officer; and
- Reviewed and recommended to the Board on the amount of directors' fees for the financial year ended 31 December 2016.

The Remuneration Committee is responsible for recommending the compensation and remuneration packages for the Executive Directors as well as key senior management. In formulating the recommended remuneration packages, the Remuneration Committee has taken into consideration the information prepared by Management and independent consultants based on data of comparable companies.

The Remuneration Committee from time to time has evaluated the compensation and remuneration packages for the Non-Executive Directors guided by the market rates and benchmarking of similar companies based on the market capitalization and industry whilst taking into consideration Board members' required experiences, competencies, efforts and the scope of the Board's works, including the number of meetings. The directors' remuneration is further determined at levels which would continue to attract and retain high calibre directors.

The executive directors do not receive any remuneration for directorships held in Prestariang and its subsidiaries, while Non-Executive Directors receive remuneration package consisting of the following components:-

Fixed	Variable
<ul style="list-style-type: none"> • Board Fee • Committee Fee • Benefits • Directors and Officers Liability Insurance • Benefits-in-kind e.g. company car 	<ul style="list-style-type: none"> • Meeting Allowance • Other Emoluments

The Board, as a whole determines the remuneration of Non-Executive Directors, with each Director concerned abstaining from any decision with regard to his/her remuneration. The Company pays its Directors the fees will be voted for approval by the shareholders annually during the Annual General Meeting.

The details of remuneration of Directors who served during the financial year ended 31 December 2017 are as follows:-

Summary of total remuneration of Directors for Financial Year 2017						
	Directors' Fee	Salary	EPF Contribution	Benefit-In-Kind	Other Emoluments	Total
	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)
COMPANY						
Non-Executive Directors						
Dato' Mohamed Yunus Ramli bin Abbas	97,500	-	-	-	8,600	106,100
Dato' Maznah binti Abdul Jalil	65,000	-	-	-	64,200	129,200
Paul Chan Wan Siew	65,000	-	-	-	86,800	151,800
Ramanathan A/L Sathiamutty	65,000	-	-	-	65,600	130,600
Nik Amlizan binti Mohamed	69,572	-	-	-	52,200	121,772
Subtotal	362,072	-	-	-	277,400	639,472
Executive Directors						
Dr. Abu Hasan Bin Ismail	-	70,000	9,600	50,000	10,000	139,600
Mohd Arif Bin Ibrahim <i>#1 January 2017 – 17 January 2017</i>	-	27,968	3,488	-	1,097	32,553
Subtotal	-	97,968	13,088	50,000	11,097	172,153
TOTAL	362,072	97,968	13,088	50,000	288,477	811,625

Summary of total remuneration of Directors for Financial Year 2017

	Directors' Fee (RM)	Salary (RM)	EPF Contribution (RM)	Benefit- In-Kind (RM)	Other Emoluments (RM)	Total (RM)
GROUP						
Non-Executive Directors						
Dato' Mohamed Yunus Ramli bin Abbas	109,500	-	-	-	8,600	118,100
Dato' Maznah binti Abdul Jalil	65,000	-	-	-	64,200	129,200
Paul Chan Wan Siew	65,000	-	-	-	86,800	151,800
Ramanathan A/L Sathiamutty	65,000	-	-	-	65,600	130,600
Nik Amlizan binti Mohamed	69,572	-	-	-	52,200	121,772
Subtotal	374,072	-	-	-	277,400	651,472
Executive Directors						
Dr. Abu Hasan Bin Ismail	-	711,200	99,744	50,000	171,600	1,032,544
Mohd Arif Bin Ibrahim #1 January 2017 – 17 January 2017	-	27,968	3,488	-	1,097	32,553
Subtotal	-	739,168	103,232	50,000	172,697	1,065,097
TOTAL	374,072	739,168	103,232	50,000	450,097	1,716,569

* The payment of Directors' fees of the Company is subject to the approval by shareholders at the AGM.

In accordance with Practice 7.3 of the Code, the disclosure on the detailed remuneration of the top five key senior management during the financial year ended 31 December 2017 are as follows:-

Name	Salary RM'000	Bonus RM'000	EPF Contribution RM'000	Benefit- In-Kind RM'000	Other Emoluments RM'000	Total RM'000
Raja Azmi Bin Adam Nadarajan	550,000	-	72,000	15,000	125,691	762,691
Syed Farad Helmy Alhusaini	344,000	-	46,080	13,333	60,552	463,965
Abdul Razak Bin Bakrun	393,000	-	48,602	21,000	59,829	522,431
Hafiza Anom Binti Abdul Hamid	249,720	-	41,392	-	110,983	402,095
Chok Joon Heng	260,000	-	35,400	-	71,691	367,091
	1,796,720	-	243,474	49,333	428,745	2,518,272

Remuneration Policy

The Company has in place a remuneration policy for the Directors and key senior management personnel which takes into account the demands, complexities, and performance of the Group as well as skills and experience required.

A copy of the remuneration policy which discloses high level principles and a detailed process for setting remuneration is available in the Company's website at www.prestariang.com.my.

The remuneration of senior management is determined at Board level and does not require shareholders' approval.

The Executive Director and senior management receive a competitive remuneration package consisting of the following components:-

Fixed	Variable	
Linked to job scope, responsibility and accountability	Linked to individual KPI performance	
Base Salary + Fixed Benefits	Short Term Incentives Bonus + Cash Incentive	Long Term Incentives Shares Option Career enhancement

The long term variable components through shares option and career enhancement within the Group of Companies aims to attract, motivate, retain and reward key employee of requisite quality that increases productivity and profitability of the Group in the long run.

Under the Remuneration Policy, claw-back or malus provision exists whereby if it is proved after the grant of variable components to GCEO and members of Senior Management that the bonus and cash incentives were paid erroneously, the Company may in exceptional cases reclaim in full or in part variable components.

Variable pay awards may be made subject to adjustment events. At the discretion of Remuneration Committee, such an award may be adjusted before delivery (malus) or reclaimed after delivery (clawback) if an adjustment event occurs.

Finance and Investment Committee

The Finance and Investment Committee is led by Dato' Maznah Binti Abdul Jalil. The Committee is made up of a majority of Non-Executive Directors.

The Finance and Investment Committee meets as and when required, and at least once a year.

The composition of the Finance and Investment Committee are as follows:-

Name	No. of meetings attended
Dato' Maznah Binti Abdul Jalil (Chairperson)	2/2
Paul Chan Wan Siew	2/2
Dr. Abu Hasan Bin Ismail	2/2
Nik Amlizan Binti Mohamed	2/2

The summary of activities of the Finance and Investment Committee during the financial year under review is as follows:-

- Reviewed and recommended to the Board on the Proposed investment in OpenLearning Global Pte Ltd;
- Reviewed the cashflow projection for years 2017 and 2018;
- Reviewed and recommended to the Board on proposed purchase of office building; and
- Reviewed and recommended to the Board on the fund raising exercise for SKIN Group.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The composition and details of activities carried out by the Audit Committee during the year are set out in the Audit Committee Report of this Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Internal Control

The Board has overall responsibility for maintaining a system of internal control and risk management that provides a reasonable assurance of effective and efficient operations and compliance with laws and regulations, as well as with internal procedures and guidelines.

The Statement on Risk Management and Internal Control furnished on pages 112 to 115 of this Annual Report provides an overview of the internal control within the Group during the financial year under review.

On 26 August 2016, Prestariang Systems Sdn Bhd, a wholly-owned subsidiary of the Company was awarded ISO 9001:2015 certification for Microsoft Business Solution (MLA2.0) by SIRIM QAS International Sdn Bhd. This signifies the Company's commitment to continually improve the effectiveness of our Quality Management System.

Internal Audit

During the financial year under review, the internal audit activity continued to be outsourced to KPMG Management and Risk Consulting Sdn. Bhd. to provide internal audit services for greater independence in internal audit function.

A summary of the activities of the Audit Committee and the Internal Auditors during the financial year under review is set out in the Audit Committee Report on pages 108 to 111 of this Annual Report.

Risk Management Committee

The Risk Management Committee is made up of a majority of Non-Executive Directors and currently chaired by Mr. Ramanathan A/L Sathiamutty.

The Risk Management Committee is responsible for reviewing and recommending risk management policies and strategies for the Company. It also assists the Board in fulfilling corporate governance, risk management and statutory responsibilities in order to manage overall risk exposure.

During the financial year, the Risk Management Committee held two (2) meetings and details of attendance of its members are as follows:-

Name	No. of meetings attended
Ramanathan A/L Sathiamutty (Chairman)	2/2
Dr. Abu Hasan Bin Ismail	2/2
Paul Chan Wan Siew	2/2

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**Communication with Stakeholders**

The Company recognises the importance of communicating with its shareholders and other stakeholders as it is a key component to uphold the principles and best practices of corporate governance for the Group and the Company.

The Board has developed and adopted as part of its Investor Relations (IR) Policy guidelines on stakeholder engagement which stipulate the authorised channels and personnel through which/whom certain information of the Group shall be approved and disclosed to internal and external stakeholders. The Company executes its IR program following the framework as set out in the IR Policy. The Policy provides comprehensive guides, processes and procedures around for which the program is structured including corporate disclosures. The approved IR Policy is published in the Company's website.

In maintaining the commitment to effective communication with shareholders and stakeholders, the Company adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders and stakeholders. This practice of disclosure of information is not just established to comply with Bursa Malaysia Main Market Listing Requirements pertaining to continuing disclosure, but it also adopts the best practices as recommended with regards to strengthening engagement and communication with its shareholders. Where possible and applicable, the Company also provides additional disclosure of information on a voluntary basis. The Company believes that consistently maintaining a high level of disclosure and extensive communication with its shareholders is vital to shareholders and investors to make informed investment decisions.

In addition, the Company makes various announcements through Bursa Malaysia, in particular, the timely release of the quarterly results within two (2) months from the close of a particular quarter. Summaries of the quarterly and full year results together with the full announcements are available at the Company's website and Bursa Malaysia's website.

Another important medium is initiating dialogues with the shareholders and stakeholders frequently. Media coverage on the Group is initiated at regular intervals to provide wider publicity and improve the understanding of the Group's business.

Investor Relations

The annual report is a main channel of communication between the Company and its shareholders and stakeholders. The annual report communicates comprehensive information of the financial results and activities undertaken by the Group and the Company during the year under review. As a public listed company, the contents and disclosure requirements of the annual report are also governed by Bursa Malaysia Main Market Listing Requirements.

The Company disseminates its annual report, together with an executive summary, to its shareholders either in CD ROM media or hard copy. The executive summary provides highlights of the Group's and the Company's key financial and corporate information.

Along with good corporate governance practices, the Company adheres to corporate disclosure policies in providing greater disclosure and transparency through all its communications with its shareholders, investors and the general public. A dedicated section on Corporate Governance which sets out the information on the Company's announcements to the regulators, financial results, the Board Charter and policies, Directors' Code of Ethics and the Company's Annual Reports is available on the Company's website to effectively disseminate information to all shareholders.

The Company strives to promote and encourage bilateral communications with its shareholders through participation at its general meetings and also ensures timely dissemination of any information to investors, analysts and the general public.

The Group and the Company maintain the following website that allows all shareholders and investors access to information about the Group and the Company: www.prestariang.com.my.

Any further information regarding the Group and the Company may also be obtained from the following communication channels:-

Corporate Governance	
Telephone	: +603-8314 8400
Facsimile	: +603-8318 9280
Email	: inquiry@prestariang.com.my

A summary of the corporate activities is set out on pages 39 to 43 of this Annual Report.

Conduct of General Meetings

Another key avenue of communication with its shareholders is the Company's AGM, which provides a useful forum for shareholders to engage directly with the Directors and Senior Management. The shareholders are given 28 days from the date of notice of AGM which is 17 April 2018 until the AGM date of 15 May 2018. Sufficient notice period is given to the shareholders in order for them to schedule their time to attend the Company's AGM.

At the Company's AGM, the President/GCEO of the Company presents a comprehensive and concise review of the Group's financial performance and value created for shareholders. This review is supported by visual and graphical presentation of the Group's performance. The Board and the senior management are present during the AGM to answer any enquiries from the shareholders.

Poll Voting

During the Seventh AGM held last year, poll voting was used to facilitate the voting process for resolutions tabled. This is in line with Paragraph 8.29A of the Bursa Malaysia MMLR on the requirement for poll voting by which one share one vote principle applies for resolutions set out in the notice of general meetings which applies for general meetings held on or after 1 July 2016.

An independent scrutineer was also appointed to scrutinise the polling process. The Board will consider and explore the suitability and feasibility of adopting electronic voting in coming years to facilitate greater shareholders participation at general meeting, and to ensure accurate and efficient outcomes of the poll voting process.

KEY FOCUS AREAS AND FUTURE PRIORITIES

Looking ahead to financial year ending 2018 and 2019, the Board and its respective committees will:-

- Focus on major strategic issues to ensure sustainability and growth;
- Continue to monitor succession planning for the senior leadership team, to ensure a healthy pipeline of talent is emerging for future senior executive management;
- Consider other variety of approaches and independent sources to identify suitable candidate for appointment of Directors, should the need arise; and
- Continue to review the balance, experience and skills of the Board.

This Corporate Governance Overview Statement was approved by the Board of Directors on 22 March 2018.