

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Warisan TC Holdings Berhad ("Company" or "WTCH") recognises the importance of adopting high standards of corporate governance in the Company in order to safeguard stakeholders' interests as well as enhancing shareholders' value. The Board believes having sound corporate governance practices will improve corporate transparency, accountability, performance and integrity.

As such, the Board embeds in the Group a culture that is aimed at delivering balance between conformance requirements with the need to deliver long-term strategic success through performance, without compromising on personal or corporate ethics and integrity.

This Statement provides an overview of the Company's application of the Principles as set out in the Malaysian Code on Corporate Governance ("MCCG") during the financial year under review. Details on how the Company has applied the Practices as set out in the MCCG during the financial year 2018 are disclosed in the Corporate Governance Report, which is available on the Company's corporate website at www.warisantc.com.my.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board is collectively responsible for the long-term success of the Group and delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board sets the strategic direction for the Group, and ensures effective leadership through oversight of Management and robust monitoring of the activities and performance in the Group.

All members of the Board are aware of their responsibilities to take decisions objectively which promote the success of the Group for the benefits of shareholders and other stakeholders, besides safeguarding their interests. The Company has established a Board Charter which outlines the Board's roles and responsibilities. This Board Charter is periodically reviewed by the Board to be in line with regulatory changes and to reflect recent changes made to the terms of reference of the Board Committees. The salient features of the Board Charter are publicly available on the Company's website at www.warisantc.com.my.

The key roles and responsibilities of the Board broadly cover formulation of corporate policies and strategies; overseeing and evaluating the conduct of the Group's businesses; identifying principal risks and ensuring the implementations of appropriate systems to manage those risks; and reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals, and major capital expenditure including succession planning.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee and Nominating and Remuneration Committee ("NRC"), to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board. The members of both Audit Committee and NRC are all Independent Non-Executive Directors.

In enhancing accountability, the Board has established clear functions reserved for itself and those delegated to Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include, inter-alia, approval of annual budgets and audited financial statements, quarterly and annual financial statements for announcement, investment and divestiture, as well as monitoring of the Group's financial and operating performance. Such delineation of roles is clearly set out in the Board Charter.

The positions of the Chairman and the Chief Executive Officer are held by different individuals to ensure an appropriate balance of roles, responsibilities and accountability.

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The Executive Team (as defined in the Board Charter) comprising the President (leader), Chief Executive Officer, Senior Vice President, Chief Financial Officer and other Senior Management Personnel, is responsible to the Board in accordance with their respective roles, positions, functions and responsibilities which include, inter-alia, the achievement of the Group's goals and observance of Management authorities delegated by the Board, developing business plans which are aligned to the Group's requirements for growth, profitability and return on capital to be achieved, ensuring cost effectiveness in business operations, overseeing development of human capital and ensuring members of the Board have the information necessary to discharge their fiduciary duties and other governance responsibilities.

As the leader of the Executive Team, the President, who is supported by the Chief Executive Officer, Senior Vice President, Chief Financial Officer and other Senior Management Personnel, oversees the overall management and strategic development of the Group. The Chief Executive Officer is responsible for managing and supervising the day-to-day business operations in accordance with the Group's strategies, policies and business plans approved by the Board.

The President assumes the position of the Chairman of the Board. As Chairman, he is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion.

The Independent Non-Executive Directors, which comprise half the Board's size, are responsible for providing insights, unbiased and independent views, advice and judgement to the Board and also ensuring effective checks and balances on Board's decisions. Independent Non-Executive Directors are essential for protecting the interests of shareholders, in particular minority shareholders, and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

The Board also delegates its authorities to Management committees, namely Risk and Sustainability Committee and Executive Management Committee (both of which are Management level committees), and comprise appropriate members of Management in order to ensure the operational efficiency and specific matters are being handled effectively.

The Board has formalised a Directors' Code of Ethics setting out the standards of conduct expected from all Directors. The Directors' Code of Ethics is contained in Appendix A of the Board Charter which is published on the Company's website at www.warisantc.com.my. To inculcate good ethical conduct, the Group has established a Code of Conduct for employees, which has been communicated to all levels of employees in the Group. The Company also has in place a Special Complaint Policy, which is equivalent to whistle-blowing policy that serves as an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified in accordance with the requirements of the Companies Act, 2016, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities.

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In discharging their responsibilities effectively, the Directors allocate sufficient time to attend Board and Board Committee meetings to deliberate on matters under their purview. During the year, the Board deliberated on matters relating to business strategies and issues concerning the Group, including business plan, annual Group budget, financial results and significant transactions. All Board and Board Committee members are provided with the requisite notice, agenda and board papers prior to the convening of each meeting, in a timely manner to the Board and Board Committee members. For the financial year under review, the Board had convened five (5) Board meetings and the attendances of the Directors are as follows:

Name	No. of Board Meetings attended	Percentage of Attendance (%)
Dato' Tan Heng Chew	5/5	100
Tan Keng Meng	5/5	100
Chin Ten Hoy	5/5	100
Dato' Chong Kwong Chin	5/5	100
Datuk Abdullah bin Abdul Wahab	5/5	100
Lee Min On	5/5	100

The Board is mindful of the importance for its members to undergo continuous education and training programmes to be apprised of the changes to regulatory requirements and the impact such regulatory requirements have on the Group. Besides circulating the relevant circulars and guidelines on statutory and regulatory requirements from time to time for the Board's reference, the Company Secretaries also explain to the Board at its meeting the implication of the requirements on Directors.

All Directors of the Company have completed the Mandatory Accreditation Programme as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). During the financial year under review, the trainings attended by the Directors included briefings, seminars, workshops and conferences conducted by the relevant regulatory authorities and professional bodies. Details of the training programmes attended/ participated by the Directors are as follows:

Directors	Details of Program
Dato' Tan Heng Chew	<ul style="list-style-type: none"> Bursa Malaysia and Institute of Corporate Directors Malaysia ("ICDM"): Breakfast Series – Companies of the Future – The Role for Boards Bursa Malaysia and The Iclif Leadership and Governance Centre: Breakfast Series – "Non-Financial – Does It Matter?"
Tan Keng Meng	<ul style="list-style-type: none"> Mazars PLT: MFRS 16 Leases WTCH: Importance of having robust Governance Risk & Control/Compliance Framework Tan Chong Motor Holdings Berhad: 2019 Budget Briefing by Mr Tang Chin Fook, Tax Consultant
Chin Ten Hoy	<ul style="list-style-type: none"> Mazars PLT: MFRS 16 Leases WTCH: Importance of having robust Governance Risk & Control/Compliance Framework
Dato' Chong Kwong Chin	<ul style="list-style-type: none"> Mazars PLT: MFRS 16 Leases Malaysian Private Entities Reporting Standards (MPERS) – Recent Developments and Updates Malaysian Institute of Accountants ("MIA"): MFRS 15: Revenue from contracts with customers – no longer business as usual MIA: MIA International Accountants Conference 2018

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Directors

Details of Program

Datuk Abdullah bin Abdul Wahab

- Bursa Malaysia and Securities Commission Malaysia ("SC"): Corporate Governance Briefing Sessions:- MCCG Reporting and CG Guide
- Minority Shareholders Watchdog Group ("MSWG") and Bursa Malaysia: Advocacy Programme on CG Assessment using the Revised ASEAN CG Scorecard Methodology
- ICDM: Breakfast Series:- Companies of The Future – The Role for Boards
- Bursa Malaysia and ICDM: Would A Business Judgment Rule Help Directors Sleep Better at Night?

Lee Min On

- Bursa Malaysia and SC: Corporate Governance Briefing Sessions – MCCG Reporting and CG Guide
- Audit Committee Institute ("ACI"): ACI Breakfast Roundtable March 2018
- Mazars PLT: MFRS 16 Leases
- MSWG and Bursa Malaysia: Advocacy Programme on CG Assessment using the Revised ASEAN CG Scorecard Methodology
- ACI: ACI Breakfast Roundtable August 2018
- Malaysian Anti-Corruption Academy: Gearing Up for Corporate Liability
- WTCH: Importance of having robust Governance Risk & Control/Compliance Framework (as speaker)
- Bursa Malaysia and ICDM: Breakfast Series – Companies of the Future – The Role for Boards

II. BOARD COMPOSITION

The Company is led by an experienced Board with diverse background in business and financial experience, and skills which are vital for the continued progress and success of the Group.

The Board currently has six (6) members, comprising three (3) Independent Non-Executive Directors and three (3) Executive Directors. This composition of the Board fulfills the requirements as set out under the Listing Requirements of Bursa Malaysia which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher must be independent. The Directors, with their diverse backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as engineering, finance, accounting and audit, legislative and administration, corporate governance, risk management and internal audit, as well as marketing and operations. The profiles of the members of the Board are provided in the Annual Report.

The NRC is entrusted to assess the adequacy and appropriateness of the Board composition, identify and recommend suitable candidates for Board membership and also to assess annually the performance of the Directors, succession plans and Board diversity, including gender, age and ethnicity diversity, training courses for Directors and other qualities of the Board, including core-competencies, which the Independent Non-Executive Directors should bring to the Board. The Board has the ultimate responsibility of making the final decision on the appointment of new Directors.

Based on the annual assessment conducted on 24 January 2019, the NRC was satisfied with the existing Board composition and concluded that each Director has the requisite competence and capability to serve on the Board and has sufficiently demonstrated their commitment to the Board in terms of time and participation during the year under review, and has accordingly recommended to the Board the re-election of the retiring Directors at the Company's forthcoming Annual General Meeting ("AGM"). All assessments and evaluations carried by the NRC in the discharge of its functions were duly documented.

The Company's Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Non-Executive Director. Thereafter, he may be re-designated as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director after the latter had served a cumulative term of nine (9) years, the Board must justify such decision and seek shareholders' approval at the AGM.

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The NRC has assessed the independence of Independent Non-Executive Directors for the financial year 2018 based on criteria set out in Paragraph 1.01 of the Listing Requirements and Practice Note 13 of Bursa Malaysia and concluded that all the Independent Non-Executive Directors have satisfied the independence criteria and each of them is able to provide independent judgement and act in the best interest of the Company.

Following an assessment and recommendation by the NRC, the Board is of the opinion that the independence of the existing Independent Non-Executive Directors remain unimpaired and their judgement over business dealings of the Company has not been influenced by the interest of the other Directors or substantial shareholders.

Dato' Chong Kwong Chin and Datuk Abdullah bin Abdul Wahab have each served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. Following an assessment and recommendation by the NRC, the Board recommended that Dato' Chong Kwong Chin and Datuk Abdullah bin Abdul Wahab who have both served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years individually as at date of this Annual Report, be retained as Independent Non-Executive Directors, subject to shareholders' approval at the forthcoming AGM of the Company based on key justifications as set out under the Explanatory Notes of the Notice of the AGM.

A summary of key activities undertaken by the NRC in discharging its duties during the financial year under review is set out below:

- Reviewed and assessed the independence of Independent Non-Executive Directors;
- Reviewed and recommended the re-election of Directors who are due for retirement by rotation, and continuation in office as Independent Non-Executive Directors for Dato' Chong Kwong Chin and Datuk Abdullah bin Abdul Wahab who have served a cumulative term of more than nine (9) years individually for shareholders' approval at the forthcoming AGM;
- Reviewed the size and composition of the Board based on the required mix of skills, experience, knowledge and diversity;
- Assessed the effectiveness of the Board as a whole, the Board Committees and the contributions of individual Director;
- Assessed Directors' training needs;
- Reviewed the terms of reference of the NRC; and
- Reviewed the 2018 Bonus and 2019 Salary Increment for Senior Management personnel (including Executive Directors).

The Company has formalised a Board Diversity Policy and such policy is contained in the Board Charter which is published on the Company's website. The Board believes that the evaluation of suitability of candidates should be based on the candidates' competency, character, time availability, integrity and experience in meeting the Company's needs. The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre without any specific discrimination as to the age, ethnicity or gender of the candidates concerned. In accordance with the Board Diversity Policy on gender, the Board shall comprise at least a woman Director at any time.

The Board has been taking steps to seek out female candidates based on meritocracy with the optimum mix of skills, knowledge and experience to fill Board positions.

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III. REMUNERATION

The NRC has been tasked with expanded duties and responsibilities to assist the Board in implementing policies and procedures on matters relating to the remuneration of Board members and Senior Management.

In accordance with Practice 6.1 of MCCG, the Board has formalised pertinent Policies and Procedures for the Remuneration of Directors and Senior Management to align with business strategy and long-term objectives of the Group. The remuneration packages for Executive Directors and Senior Management are linked to performance, qualifications, experience and scope of responsibility and geographic location where the personnel are based and are periodically benchmarked to the market/industry surveys conducted by human resource consultants.

As a matter of practice, the Directors concerned abstain from deliberation and voting on their own remuneration at Board Meetings.

The remuneration received or to be received by Directors of the Company from the Group and Company for the financial year ended 31 December 2018 amounted to RM3,847,736.00 and RM2,436,886.00 respectively. Details of the remuneration for each of the Directors on a named basis are set out under Practice 7.1 of the Corporate Governance Report uploaded on the Company's website at www.warisantrc.com.my.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Independent Non-Executive Directors with Dato' Chong Kwong Chin as the Committee Chairman. The members of the Audit Committee collectively are financially literate and are qualified to discharge their duties and responsibilities set out in the Committee Terms of Reference ("Charter") approved by the Board. They constantly keep abreast of relevant changes to financial reporting standards and pertinent issues which have a significant impact on the financial statements through regular updates from the external auditors and membership in professional bodies.

One of the key responsibilities of the Audit Committee in its Charter is to ensure that the financial statements of the Group and the Company comply with the applicable financial reporting standards in Malaysia and provisions of the Companies Act, 2016. Full details of the Audit Committee's responsibilities can be found in the Charter, which is annexed to the Board Charter, is available on the Company's website. A summary of the activities carried out in 2018 by the Audit Committee is set out in the Audit Committee Report of this Annual Report.

The Charter has a provision on the requirement for a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, has adopted a policy for the types of non-audit services permitted to be provided by the external auditors and/or their affiliates, including the need for obtaining the Audit Committee's approval for such services.

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II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

The Board has put in place a structured framework to enable Management to identify, evaluate, control, report, and monitor the principal business risks faced by the Group. The Board is updated on the Group's internal control system which encompasses risk management practices and the implementation of internal controls to mitigate the identified business risks on a regular basis. Ongoing reviews are performed throughout the year by the respective business units to identify, evaluate, manage, report and monitor the significant risks affecting their business and ensure that adequate and effective controls are in place. The risk registers which are maintained by the Group are reviewed and updated by the Risk and Sustainability Committee (a Management Level Committee) at least twice a year.

Details of the Group's Enterprise Risk Management framework, activities carried out for the financial year under review and reporting processes are set out in the Risk Management and Internal Control Statement included in this Annual Report.

In line with the MCCG and the Listing Requirements of Bursa Malaysia, the Board has established an in-house Group Internal Audit Department ("GIA"), which reports directly to the Audit Committee on the adequacy and operating effectiveness of the Group's system of risk management and internal control. All internal audits carried out are guided by the International Professional Practices Framework of The Institute of Internal Auditors Inc, a globally recognized professional body for internal auditors. The GIA is independent of the activities it audits and its authority, scope and responsibilities are governed by an Internal Audit Charter approved by the Audit Committee. The scope of work covered by the GIA during the financial year under review is set out in the Audit Committee Report included in this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of being transparent and accountable to the Company's shareholders and other stakeholders.

Shareholders and other stakeholders of the Company, as the case may be, are provided with accurate and timely dissemination of information via the Annual Reports, circulars to shareholders, quarterly financial reports and the various announcements which provide an overview of the Group's financial results, business performance and operations. Shareholders and other stakeholders can access information at the Company's website at www.warisantc.com.my, which includes the Board Charter, corporate information, announcements, financial information, and Annual Reports.

The Company also has a dedicated electronic mail, i.e. corporate@warisantc.com to which stakeholders can direct their queries or concerns.

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II. CONDUCT OF GENERAL MEETINGS

The AGM, which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification.

At the 21st AGM held on 25 May 2018, all the Directors (including the chair of the Board Committees) and Senior Management were present in person to engage directly with the shareholders. During the AGM, the Chairman of the meeting ensured the meeting was conducted in an orderly manner and allowed shareholders or proxies to raise questions or seek clarification on agenda items of the AGM. The Chief Executive Officer presented to the Meeting the Group's financial performance, some key initiatives and business outlook of the year. The Directors and Senior Management responded to all questions raised and provided clarification as required by the shareholders. A summary of key matters discussed at the AGM is available on the Company's website.

All resolutions set out in the notice of AGM are voted by poll in accordance with the Listing Requirements of Bursa Malaysia. The Board had adopted electronic voting method for polling at the last AGM to facilitate greater shareholders' participation, enabling efficiency in the voting process as well as ensuring transparency and accuracy of the voting results.

This Statement is dated 4 April 2019.