

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7243
COMPANY NAME : IMPIANA HOTELS BERHAD
FINANCIAL YEAR : December 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Impiana Hotels Berhad (formerly known as Bio Osmo Bhd) ("the Company") is led and controlled by the Board of Directors ("Board") consisting of professionals and competent individuals of caliber with diverse backgrounds, expertise and experience suitable for managing the Company's businesses.</p> <p>The Board has performed the following roles and responsibilities during the financial period ended 31 December 2018:</p> <ul style="list-style-type: none">• Ensured that the Company goals are clearly established and that strategies are in place for achieving them;• Established policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;• Monitored the performance of Management;• Decide on steps necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;• Ensured that the Company's financial statements are true and fair and conform with law;• Ensured that the Company adheres to high standards of ethics and corporate behaviour; and• Ensured that the Company has appropriate risk management/regulatory compliances policies in place <p>The above roles and responsibilities were discharged by the Board to ensure that the obligations of the Company are met and understood by its shareholders and stakeholders.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has appointed Dato' Seri Ismail @ Farouk bin Abdullah as Chairman of the Board effectively on 18 April 2019.</p> <p>The Chairman is responsible for ensuring the integrity and effectiveness of the governance processes of the Board.</p> <p>In addition, the Chairman ensures effective functioning of the Board, oversees and facilitates effective functioning of the Board, oversees and facilitates Board, Committee and Board members evaluation reviews and succession planning alongside the Chairman of the Nominating Committee.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Application
Explanation on application of the practice	:	<p>The distinct and separate roles of the Chairman and the Managing Director are clearly stated in the Board Charter. In addition, the Company's Board Charter clearly state that the position of the Chairman and the Managing Director are to be held by two (2) different individuals.</p> <p>As at to date of the Corporate Governance Report, the Board has yet to appoint a suitable candidate as Managing Director of the Company. The Company is aware that the positions are to be held by different individuals which is clearly stated in the Company's Board Charter. The Board Charter also explain the roles and responsibilities the Chairman and Managing Director which are separate and distinct from one another.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is advised and supported by three (3) suitably qualified and competent Company Secretaries. The Company Secretaries provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices as prescribed in the Malaysian Code on Corporate Governance 2017 ("MCCG2017").</p> <p>The Company Secretaries is responsible to ensure the following:</p> <ul style="list-style-type: none">• That Board procedures are followed;• That the applicable rules and regulations for the conduct of the affairs of the Board are complied with; and• Advise on all matters associated with the maintenance of the Board or otherwise required for efficient operations of the Board. <p>The Company Secretaries attended all the Board Meetings, Committee Meetings and General Meetings to facilitate the Board and ensure that the procedures were carried out properly. The procedures and conclusion of all the Board Meetings, Committee Meetings and General Meetings are minuted by the Company Secretaries and approved by the Chairman of Meetings accordingly.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The full agenda and comprehensive Board papers are disseminated to all Directors in advance of meetings to enable them to prepare for the meetings.</p> <p>The management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman of meetings, assisted by the Company Secretaries, assesses the type of information required which are to be provided to the Board. If the information provided by the management is insufficient, the Board shall make further enquiries where necessary to which the persons responsible will respond as comprehensively and promptly as possible.</p> <p>As per current practice, the management has provided the Board with timely and quality information in a form that is appropriate for the Board to discharge their duties effectively.</p> <p>Upon completion of the meetings, the deliberations, consensus and decisions made by the Board are minuted by the Company Secretaries and approved by the meetings Chairman accordingly.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter has been set up since 23 October 2007 and has been annually reviewed and amended with the latest update being on 15 November 2018.</p> <p>The updates were made to accommodate any changes arising from the Companies Act 2016, Main Market Listing Requirements ("Listing Requirements") and MCCG2017.</p> <p>The Board Charter clearly outlines the roles and responsibilities of the Board, Independent Directors, Management, Company secretaries and Board Committees.</p> <p>Specific issues and decisions have been reserved by the board such as:</p> <ul style="list-style-type: none">• Material acquisitions and disposition of assets not in the ordinary course of business;• Investments in capital projects;• Authority levels;• Treasury policies;• Risk management policies;• Key human resource issues; and• Conflict of interest issues relating to a substantial shareholder or a Director. <p>The Board Charter has been uploaded to the Company's website, www.bioosmobhd.com for further viewing.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has established a Code of Ethics and Conduct for Directors ("COEC") which has been approved and adopted since 30 June 2016. The COEC are intended to codify a standard of conduct by which all Directors are expected to abide; protect the business interests of the Company; maintain the Company's reputation for integrity; and foster compliance with applicable legal and regulatory obligations. The COEC has been uploaded to the Company's website, www.bioosmobhd.com for further viewing.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Whistle-Blowing Policy to the Board, Senior management and employees of the Company with mechanisms for employees and other interested parties to confidentially and anonymously bring to the attention of the Chairman of the Audit Committee any concerns related to matters covered by the Company's COEC, legal issues and accounting or audit matters., including:</p> <ul style="list-style-type: none">• Fraud• Corruption, bribery or blackmail;• Criminal offences;• Miscarriage of justice; and• Concealment of any, or combination, of the above. <p>The aim of this Whistle-Blowing Policy is to make available to employees to raise the matters in an independent and unbiased manner. Employees are not required to prove the cases but rather to provide sufficient information for the management to take appropriate steps.</p> <p>The reports or complaints is to be directed to the Chairman of the Audit Committee, Prof. Dr. Mohd Amy Azhar bin Hj. Mohd Harif who will review and follow through any reported allegations.</p> <p>The Whistle-Blowing Policy has been uploaded to the Company's website, www.bioosmobhd.com for further viewing.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure	
Explanation on application of the practice	:	.	
Explanation for departure	:	<p>The Board comprises of eight (8) members, whereby two (2) of the members are Independent Non-Executive Directors (“INEDs”).</p> <p>The Company is currently scouting for a candidate to be appointed as an additional Independent Director to the Board. This is to ensure the compliance to the Listing Requirements maintaining one-third of the Board as Independent Directors.</p> <p>However, in recognition of the best practices as recommended in the MCCG2017, the Company has implemented additional alternatives to ensure independent decisions are met by establishing the Audit Committee, Nomination Committee and Remuneration Committee that has its own Terms of References to assist the Board in the deliberations and recommendations as a check and balance. All the Board Committees comprise a majority of Independent Directors, thereby providing the necessary independent oversight on the respective functions.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted the guidelines that INED's tenure does not exceed a cumulative term limit of 9 years.</p> <p>As at financial period ended 31 December 2018, Mr Wong Kok Seong retention and continuance of service as an Independent Director is subject to shareholders' approval as he has served the Board for more than 9 years.</p> <p>The Board shall seek shareholders' approval during the forthcoming 11th Annual General Meeting for the re-election of Mr Wong Kok Seong as an INED.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has set in place an objective criterion in regards to diversity in skills, experience, age, cultural background and gender in considering the appointment of Board members and Senior Management.</p> <p>The Nomination Committee (“NC”) is responsible for establishing the requirements for the Board, such as required mix of skills, experience, qualification and other core competencies required of a Director.</p> <p>The NC shall also be responsible to assess the recommended candidates to be appointed as Senior Management and evaluate the candidate’s skill sets, expertise, experience as well as the integrity, existing commitments and potential conflict of interests.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company is not a Large Company as defined by MCCG2017. However, currently the Company has one (1) female director on the Board. The Board aims to have at least two (2) women directors or 30% women directors on the board.</p> <p>To meet the target above, the Company shall identify and recommend suitable female candidate in the nearby future to the NC. The recommendations shall be in accordance with the candidate's skills, contributions, background, commitments and experiences.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The NC, whom majority are Independent Directors convenes meetings once every financial year to perform an assessment and evaluation of effectiveness of the current Board members. The assessment and evaluation is done for the purpose of identifying weaknesses and recommending improvements to the Board.</p> <p>The NC is satisfied with the current size of the Board and with the mix of qualifications, skills & experience of its Board members.</p> <p>In addition, the NC is also open to referrals from external sources when Board vacancies arise.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The current Chairman of the NC is Mr Wong Kok Seong, an INED of the Company.	
Explanation for departure	:		
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The effectiveness of the Board is annually assessed and evaluated by the Nomination Committee ("NC") once a year. The NC consists of majority Independent Directors and is Chaired by an INED to ensure unbiased recommendations are made and independent decisions is met.</p> <p>The NC shall present to the Board on the assessment and evaluation methodology and how the outcome was arrived.</p> <p>The aim of the assessment evaluation is to identify areas of weaknesses of the Board and recommend improvements independently.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has put in place the necessary policies and procedures to determine remuneration packages for the Board and Senior Management. These policies procedures are implemented by the Remuneration Committee ("RC").</p> <p>The RC considers the candidate demands, complexities of the current Company's business and target of performance of the Company to be achieved, as well as skills and experience required from a candidate when determining a remuneration package.</p> <p>In addition, the RC is tasked to review and recommend to the Board the remuneration package of the Executive Directors and Non-Executive Directors. The remuneration packages will be set at an appropriate level to attract and retain Directors of caliber.</p> <p>The remuneration package framework shall cover all aspects of remuneration including Director's fee, salaries, allowances, bonuses, options and other benefits payable.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has set up the RC since 23 October 2007 and established policies and procedures through its Term of Reference which has been updated and approved on 15 November 2018.</p> <p>The RC comprises wholly of Non-Executive Directors and is chaired by an Independent Director. The RC reviews the remuneration packages of the Board and Senior Management at least once a year.</p> <p>The Board of the Company is satisfied with the performance of the RC in implementing the policies and procedures as outlined in the Term of Reference.</p> <p>The Term of Reference of the RC has been uploaded to the Company's website, www.bioosmobhd.com for further viewing.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has disclosed the breakdown of the Directors' remuneration on named basis as set out in the Annual Report for the financial period ended 31 December 2018.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has disclosed the top five senior management's remuneration components in bands width of RM50,000 as set out in the Annual Report for financial period ended 31 December 2018.	
		However, the disclosure is not listed in named basis due to confidentiality and sensitivity of each remuneration package.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ("AC") comprises of three (3) members who are Non-Executive Directors and majority are Independent Directors.</p> <p>The AC is led by the Chairman of the AC, Prof. Dr. Mohd Amy Azhar bin Hj. Mohd Harif who is a Chartered Accountant and a member of the Malaysian Institute of Accountants ("MIA"). He is an Independent Non-Executive Director and was appointed as the Chairman of the AC on 19 January 2018.</p> <p>The Company's current Chairman of the Board is Dato' Seri Ismail @ Farouk bin Abdullah, whereby his responsibilities are separated from the duties of a AC Chairman.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	As at the financial period ended 2018, the AC has not established a specific policy for appointment of any former key audit partner as a AC member.	
		In addition, the Company has never appointed a former key audit partner as Board member or AC member.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	For improvement of corporate governance practices, the AC terms of reference will be updated to observe a cooling-off period of at least two years for any key former audit partner before being appointed as a AC member.	
Timeframe	:	Within 1 year	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company through its AC Terms of Reference has outlined specific policies and procedures to assess the suitability, objectivity and independence of the appointed external auditor.</p> <p>It is the function of the AC to review the external auditors audit plan, the evaluation of the system of internal controls, and the quality of audit report.</p> <p>The appointed external auditors, Messrs Baker Tilly Monteiro Heng PLT (LLP019411-LCA & AF0117) has remained objective and independent throughout their tenure as external auditors of the Company.</p> <p>The AC has reviewed the competence, audit quality and resource capacity of the external auditors and is satisfied with the suitability of Messrs Baker Tilly Monteiro Heng PLT to continue in office.</p> <p>In addition, the Board has approved the AC's recommendation for shareholders' approval to be sought at the forthcoming Annual General Meeting to re-appoint Messrs Baker Tilly Monteiro Heng PLT as the external auditor of the Company for the financial period ended 31 December 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	<p>The Company's existing AC members consist of two (2) Independent Directors and one (1) Non-Independent Non-Executive Director.</p> <p>The current composition of the AC is in compliance to Paragraph 15.09 of the Listing Requirements whereby the Committee has 2/3 of its members as Independent Directors forming a majority of the AC.</p>

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC is Chaired by Prof. Dr. Mohd Amy Azhar bin Hj. Mohd Harif who is a Chartered Accountant and a member of the MIA.</p> <p>In addition, the Chairman of the AC is supported by qualified and experienced members who have vast knowledge in accounting and auditing standards.</p> <p>The Board is satisfied with the AC's performance as its Chairman and members has applied the necessary knowledge, experience, expertise and skills in discharging their duties.</p> <p>All the AC members have attended conferences, courses and trainings to keep themselves abreast of recent developments in accounting and auditing standards, practices and rules in financial reporting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is fully aware of its overall responsibility in continually maintain a sound internal control system, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders’ investments and the Company’s assets. The internal control system is designed to identify the risks to which the Company is exposed and mitigate the impacts thereof to meet the particular needs of the Company.</p> <p>As an effort to enhance the internal control system, the Board together with the assistance of external professional outsourced internal auditors will undertake to review the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Company. This function also acts as a source to assist the AC and the Board to strengthen and improve current management and operating procedures in pursuit of best practices.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has disclosed the risk management and internal control framework through the Statement of Risk Management and Internal Control as outlined in the Annual Report for the financial period ended 31 December 2018.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Company outsourced its internal audit function to an independent consulting firm, which reports directly to the AC. The internal audit function is to ensure a regular review of the adequacy and integrity of the Company's internal control system, risk management process and compliance with the Company's established policies and procedures to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Company. The Internal Auditor undertakes the internal audit function based on the audit plan that is reviewed and approved by the AC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company's internal audit function is carried out by an outsourced internal audit firm namely Smart Focus Consulting Sdn Bhd ("Smart Focus") which is headed by the Associate Director of the said firm.</p> <p>Smart Focus is free from any relationships or conflicts of interest with the Company's Board, Senior management and officers. The internal audit activities were reported directly to the AC based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all level of operations within the Company.</p> <p>The Internal Auditor adopts the International Professional Practices Framework inclusive of the mandatory elements – Core Principles for the Professional Practice of Internal Auditing, International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors, the definition of Internal Auditing, and Code of Ethics to manage its functions and perform their audit engagements.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board ensures that continuous communication is maintained between the Company and its stakeholders through the following methods:</p> <ul style="list-style-type: none">• Disclosure on Annual Report through Bursa Securities Bhd ("Bursa Securities");• Disclosure on Quarterly Results and Annual Results to Bursa Securities;• Organising briefings with investors, analysts and media;• Announcement of major developments through Bursa Securities. <p>In addition to the above, the Company maintains a corporate website, www.bioosmobhd.com which serves as a way for stakeholders to access corporate information, news, events and announcements relating to the Company.</p> <p>The Company also engages its shareholders through Annual General Meetings and Emergency General meetings. This allows for the attending shareholders to post questions and seek explanations from the Board and Senior management of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not deemed as a Large Company as defined by MCGG2017.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	The Company sends out the Notice of Annual General Meeting ("AGM") to the shareholders immediately after the announcement of the Annual Report to Bursa Securities. The Notice of the Company's 11 th AGM is dispatched on 30 April 2019 which is more than 21 days before the date of the AGM.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's directors have all attended the General Meeting with exception to those who have emergencies or serious illness.</p> <p>However, the Chairman of the AC, NC and RC has all attended the General Meetings to respond to any questions imposed by the shareholders.</p> <p>The Senior Management of the Company also attended the AGMs to facilitate the Board and assist in providing responses to the shareholders.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company currently has no facilities to accommodate e-voting. Thus, the Company currently practices poll-voting which is conducted by its Registrar, Boardroom Share Registrars Sdn Bhd. The poll results shall be verified by a Scrutineer appointed by the Company.</p> <p>Besides that, the upcoming 11th AGM of the Company shall be held in Kuala Lumpur at a destination that is easily accessible to most shareholders of the Company.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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