

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5009
COMPANY NAME : WHITE HORSE BERHAD
FINANCIAL YEAR : December 31, 2017

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 PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the overall corporate governance, strategic direction, corporate goals and therefore monitors the achievement of these goals. It provides effective leadership and manages overall control of the Group's affairs through the discharge of the following principal duties and responsibilities:-</p> <ul style="list-style-type: none"> - Reviewing and adopting a strategic plan for the Company; - Overseeing the conduct of the Company's business; - Considering management recommendations on key issues including acquisitions and divestments, restructuring, funding and significant capital expenditure; - Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; and - Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
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 1.2

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 key roles and responsibilities of the Chairman of the Board have been clearly specified in Part 3, Item 3.6 of the Board Charter, which is available on the Group's corporate website at www.whitehorse.my.</p> <p>The Chairman is primarily responsible for:-</p> <ul style="list-style-type: none"> • Leading the Board in setting the values and standards of the Company; • Ensure that guidelines and procedures are in place to govern the Board's operation and conduct; • Monitor the workings of the Board, especially the conduct of Board meetings; • Ensure that all relevant issues for the effective running of the Company's business are on the agenda for Board meetings; • Ensure quality information to facilitate decision-making is delivered to the Board members on a timely basis; • Encourage all directors to play an active role in Board activities; • Chair general meetings of shareholders; and • Liaise with Managing Director and Company Secretary on the agenda for Board meetings. <p>The Chairman also acts as facilitator for meetings to ensure:-</p> <ul style="list-style-type: none"> • Adequacy of notice of Board meetings; • Adequacy of information for Board meetings; • No member dominates the discussion; • Full discussion takes place; • The variety of opinion among Board members is drawn out; and • Endeavours to obtain consensus in the Board but may, when he feels necessary, call for a vote.
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	:		
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Intended Outcome

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

Practice 1.3

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board noted the combination of the positions of the Chairman and the MD is essential for the commercial environment that the Group is currently operating. Such combination of roles render creditability and confidence to third party(ies) on the authority of the Chairman and MD for successful conclusion of commercial deals/ transactions.</p> <p>As the alternate practice, the Board undertakes the following efforts to ensure there is a balance of power and authority on the Board:-</p> <ul style="list-style-type: none">(a) The composition of the Board consists of 30% of Independent Non-Executive Directors, whom, collectively, have the weightage in terms of Board's decision making and are free to exercise their independent judgement or act in the best interests of the Company, and to safeguard the interest of the minority shareholders.(b) The decision of the Board shall always be agreed upon by at least majority of the Directors present at the Meeting, therefore, no individual Director can dominate the decision-making of the Board.(c) A clear division of responsibilities for the role of Chairman of the Board has been outlined in the Board Charter, which are distinct and separate from his roles and responsibilities as MD, through the separate employment contract. As outline in the Board Charter, the Chairman is primarily responsible for matters pertaining to the Board and the overall conduct of the Company. The MD together with the Deputy MDs oversee the running of the Group and the implementation of the Board's decisions, business strategies and policies. There is also a clear demarcation of responsibilities between the roles of the MD and Deputy MDs to ensure a balance of authority and power, such that no one individual has unfettered powers of decision-making.

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

Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a suitably qualified and competent Company Secretary, i.e. Ms. Chua Siew Chuan, FCIS.</p> <p>The Company Secretary has professional qualification and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016 (“CA 2016”).</p> <p>The brief profile of Ms. Chua is as follows:-</p> <p>Ms. Chua has been elected as a Fellow Member of the Malaysia Institute of Chartered Secretaries and Administrators (“MAICSA”) since 1997. She has more than 35 years of experience in handling corporate secretarial matters, with working knowledge of many industries and government services.</p> <p>She is the Immediate Past President of MAICSA. Ms. Chua is a Chartered Secretary by profession. She is the Managing Director of Securities Services (Holdings) Sdn. Bhd., a prominent corporate secretarial service provider in Malaysia. Ms. Chua is also the named company secretary for a number of public listed companies, public companies, private limited companies and societies.</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 1.5

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>As a standing practice, the notice of the Board Meetings is served at least seven (7) days before each Board Meeting. In compliance with Practice 1.5 of the Malaysian Code on Corporate Governance as well as Board Charter of the Company, meeting papers and agenda items are to be circulated at least seven (7) days prior to the Meetings to allow ample time for Directors to consider the relevant information.</p> <p>A comprehensive meeting papers comprising background, matters arising, research, analysis, findings/updates, results, presentations, recommendations and any other relevant information is prepared and circulated in advance to enable the Board to make considerations, deliberations and decisions.</p> <p>Minutes of the Board/Board Committees Meetings have been accurately recorded by the Company Secretary to reflect the deliberations, in terms of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities. The Minutes was then tabled at the next following Board/Board Committees Meetings for perusal and confirmation. Upon Committee/Directors’ confirmation, the Chairman of the Board/Board Committee Meetings signs the minutes as a correct record of the proceedings and thereafter, the said minutes of all proceedings are kept in the statutory book at the registered office of the Company to be made available for inspection under the CA 2016.</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 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 recognises the importance to set out the key values, principles and ethos of the Company, as policies and strategy development are based on these considerations. The Board Charter had included the division of responsibilities and powers between the Board and Management as well as the different committees established by the Board.</p> <p>The Board Charter entails the following salient outlines:-</p> <p>(1) The Board</p> <ul style="list-style-type: none"> • Roles and responsibilities of the Board; • Board composition; • Nomination and appointment; • Independence of Directors; • Board Committees; • Role of Chairman of the Board; and • MD. <p>(2) Board Procedures</p> <ul style="list-style-type: none"> • Process and procedures for Board Meetings; and • Notice of Meeting, Agenda and Board Papers. <p>(3) Directors' Remuneration</p> <p>(4) Communication</p> <ul style="list-style-type: none"> • Relationship with Management; and • Relationship with Shareholders. <p>(5) Application of Board Charter</p> <p>The Board had on 23 February 2017 reviewed the Board Charter of the Company. The Board will review the Board Charter periodically and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.</p>

	A full copy of the Board Charter is available for viewing on the Group's corporate website at www.whitehorse.my/board-charter .	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a Code of Ethics and Conduct for Directors with effect from 16 February 2015 in order to adhere to the general principles and standards of business conduct and ethical behaviour in the performance and exercise of their responsibilities as Directors of the Company in order to uphold good corporate integrity which ultimately serves as a ground rules to the employees of the Company in their discharge of respective duties and responsibilities.</p> <p>The Code of Ethics and Conduct will be reviewed periodically to ensure the information remains relevant and appropriate.</p> <p>A copy of this Code of Ethics and Conduct is available for viewing on the Group's corporate website at www.whitehorse.my/code-of-ethics-and-conduct.</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

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 put in place a Whistleblowing Policy to facilitate the whistle blower to report or disclose through established channels about any violations or wrongdoings they may observe in the Group without fear of retaliation and should they act in good faith when reporting such concerns.</p> <p>This policy does not apply to or change the Company's policies and procedures for individual employee grievances or complaints relating to job performances, employment terms and conditions. Such concerns will be channeled to the Human Resources Department for further reviewing.</p> <p>Only genuine concerns should be reported under the whistle blowing procedures. The report should be made in good faith with a reasonable belief that the information and any allegations in it are substantially true and the report is not made for personal gain. Malicious and false allegations will be viewed seriously and treated as a gross misconduct and if proven may lead to dismissal.</p> <p>This Policy will be reviewed by the Board annually or on ad hoc basis to assess its relevance and effectiveness.</p> <p>A copy of this Policy is available for viewing on the Company's corporate website at www.whitehorse.my/whistleblowing-policy.</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

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 has ten (10) members. Seven (7) of the ten (10) members are Non-Executive members, three (3) of whom are Independent Non-Executive Directors (“INED”). The composition of the Board complied with paragraph 15.02 of the Main Market Listing Requirements (“Main LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).</p> <p>The Board noted the current Board size is at optimum level viz-a-viz its level of business operations.</p> <p>Alternative Practices:-</p> <p>(1) As a safeguard measure, the Board has in place the Audit Committee, Nomination Committee and Remuneration Committee with clear 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> <p>(2) For any new appointment to the Board, “Independent” status shall form one of the criteria to be considered.</p> <p>With the current board size of 10 persons of diverse nationalities, background and cultures whom are offering diverse perspectives and insights, the Board believes that the stated Intended Outcome has been already been met.</p>
<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

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

Practice 4.2

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

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

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	<p>The Company will be seeking shareholders' approval at the forthcoming Annual General Meeting ("AGM") for the retention of Mr. Law Piang Woon ("Mr. Law") who has served the Board as an INED of the Company for a cumulative term of more than twelve (12) years since 19 June 2001.</p> <p>The Board has vide the Nomination Committee conducted an annual performance evaluation and assessment of Mr. Law who has served as an INED for a cumulative term of more than twelve (12) years and recommended him to continue in office as an INED based on the following justifications:-</p> <ul style="list-style-type: none">(a) Mr. Law has fulfilled the definition of an Independent Director as set out under Paragraph 1.01 of the Bursa Securities's Main LR;(b) Mr. Law has not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company;(c) Mr. Law has no potential conflict of interest, whether business or non-business related with the Company;(d) Mr. Law has not established or maintained any significant personal or social relationship, whether direct or indirect, with the MD and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an INED;(e) Mr. Law has contributed sufficient time and efforts in his capacity as the designated Senior INED, Chairman of the Nomination Committee, as well as a member of Remuneration

	<p>Committee and Audit Committee; and</p> <p>(f) Mr. Law does not derive any remuneration and other benefits apart from Directors' fees and benefits payable to the Non-Executive Directors that are approved by the shareholders.</p> <p>(g) Mr. Law continues to maintain his professional accountancy qualifications as Certified Public Accountants, Australia, Chartered Accountant in Singapore, Fellow of Chartered Tax Institute in Malaysia, and Fellow of the Association of Chartered Certified Accountants.</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 affirms its commitment to boardroom diversity as a truly diversified Board to enhance the Board's effectiveness, creativity and capacity to thrive in good times and weather tough times.</p> <p>Bearing in mind that an appointment to the Board is a long term commitment to the Company, the Board has not set any short term target or measure for boardroom diversity, but nevertheless works to ensure that there is no discrimination on the basis of, but not limited to, ethnicity, race, age, gender, nationality, political affiliation, religious affiliation, sexual orientation, marital status, education, physical ability or geographic region, during the recruitment of new Board members.</p> <p>The Board has indicated its commitment to boardroom diversity by the following appointments:-</p> <p>Gender Diversity</p> <p>Ms. Chew Pei Fang is the INED of the Company since 20 June 2001. Ms. Rosita Yeo Swat Geok, has been appointed as an INED to the Board on 19 April 2013.</p> <p>Age Diversity</p> <p>The Board believes that the Directors with diverse age profile will be able to provide a different perspective and bring vibrancy to the Group's strategy making process.</p> <p>The age profile of the Directors were ranging from 54 to 78 years of age, which underlies the Board's commitment to age diversity at the Board level appointment.</p> <p>Diversity in Nationality and Geographic Region</p> <p>Mindful of global mobility of talents, the Board does not restrict its composition to just Malaysians. The Board endeavour to source and appoint Directors of diverse nationality and of trans-national background and experiences:-</p> <ul style="list-style-type: none">• Mr. Liao Yuan Shun, the Chairman and MD, is a Taiwanese who has more than 35 years of experience in the ceramic industry.

	<ul style="list-style-type: none"> • Mr. Cheng Soon Mong, the Deputy MD, is a Singaporean with over 40 years of experience in the ceramic tiles business. • Mr. Liao Jung Chu, a Non-INED, is a Taiwanese who has more than 44 years of experience in the ceramic tiles industry. • Mr. Liao Shen Hua, another Non-INED, is a Taiwanese who is responsible for the overall manufacturing operation of one of the key subsidiary of the Company. <p>For the position of INEDs, the Nomination Committee shall evaluate the candidate, at a minimum, with reference to the definition of “Independent Director” as stipulated by the Main LR of Bursa Securities.</p> <p>While the Board supports the gender diversity and recognises the benefits that it can bring, the Board believes that any new appointment should be based on merits and capability.</p> <p>The appointment of Senior Management is based on skills, experience, potential, personal behaviours and motivation.</p> <p>The Board pursues diversity in both the Board level and Senior Management. The Board recognises a diverse Board in the Company could offer greater depth and breadth compared to non-diverse Board whilst the diversity at Senior Management will lead to better decisions.</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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board currently consists of two (2) female Directors which represents 20% women Directors.</p> <p>Alternate Practices:</p> <ol style="list-style-type: none"> 1) At the juncture, the Board affirmed that in the event any Board seat becomes available, gender diversity shall be one of the criteria to be considered by the Nomination Committee during their evaluation process on potential candidate(s) for Board's membership. 2) 70% of the Board are consisted of Non-Executive Directors and any decision by the Board would require the consent of the majority of the Board members, taking into account the best interest of the Company. In addition, the Independent Non-Executive Directors are of diverse background i.e. a Chartered accountant, a practicing lawyer and an experienced corporate executive whom are able to provide diverse insights and perspectives during board deliberation and decision making process. <p>The Board opined that the above Practices are able to meet the above Intended Outcome, as opposed to the forceful setting of quick-fix targets and impractical measures to meet those targets, to the detriment of the Board and 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	:	

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 Board uses a variety of sources for the identification of suitable candidates. The Board may rely on recommendations from existing Board members and other sources to meet the skill sets and requirements of the Board.</p> <p>The Nomination Committee is responsible for recommending suitable candidates to the Board for its consideration. The Nomination Committee is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</p> <p>There was no new appointment of Directors for the financial year ended 31 December 2017.</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 present Chairman of the Nomination Committee is Mr. Law Piang Woon, a Senior INED. His profile is set out in the Directors' Profile section of the Annual Report 2017.	
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 annual assessment of the effectiveness of the Board as a whole, its Board Committees and the contribution of each individual Director have been carried out for the financial year ended 31 December 2017.</p> <p>In conducting each assessment/evaluation, the following main criteria were adopted by the Nomination Committee:-</p> <p>(a) <u>Evaluation on the effectiveness of the Board of Directors and the Committees of the Board</u></p> <ul style="list-style-type: none">• Board mix and composition;• Quality of information and decision making; and• Boardroom activities. <p>(b) <u>Directors' self-assessment</u></p> <ul style="list-style-type: none">• Contribution to interaction;• Quality of Input; and• Understanding of Role. <p>(c) <u>Audit Committee member's self/peer evaluation</u></p> <ul style="list-style-type: none">• Skill set and composition; and• Performance. <p>Based on the evaluation conducted for the financial year ended 31 December 2017, the Nomination Committee was satisfied with the performance of the Board as a whole and its Committees, individual Board member and Audit Committee.</p> <p>All the Directors and Board 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. The review supported the Board's decision to endorse all retiring Directors standing for re-election. The assessment report together with the report on the Board balance (the required mix of skills, experience and other qualities) are deliberated and circulated to the Nomination Committee in February 2018. The results affirmed that the Board and each of its Committees</p>

	<p>continue to operate effectively.</p> <p>To review the independence of the INEDs, the fundamental premise of the assessment is that an INED must be independent of management and free of any business, family or other relationship, that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of his independent and objective judgment in addition to the independence guidelines and criteria as set out in the Main LR of Bursa Securities.</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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board does not have a formal policy on the remuneration for Directors and senior management.
		<p>Alternative Practice:-</p> <p>Notwithstanding the lack of a formal Remuneration Policy for the Directors and senior management, as a standing procedure, the Board, vide the Remuneration Committee reviews, assesses and recommends to the Board of Directors the remuneration packages of the Executive Directors (“ED”) and Senior Management.</p> <p>The remuneration of ED and Senior Management will be based on the experience and the level of responsibilities undertaken by them, time commitments expected of them and the Company’s performance and to be reviewed annually and/or as and when it is required by the Remuneration Committee, thereafter to be decided by the Board.</p> <p>The above process is transparent and well documented in the Minutes of the Remuneration Committee Meeting as well as Board of Directors’ Meeting, thereby meeting the stated Intended Outcome.</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

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 Remuneration Committee comprises majority of INEDs. The Remuneration Committee is presently chaired by Mr. Liao Yuan Shun.</p> <p>The Board is satisfied that the Remuneration Committee has effectively and efficiently discharged its roles and responsibilities with respect to its remuneration function.</p> <p>The Terms of Reference of the Remuneration Committee is available on the Group's corporate website at www.whitehorse.my.</p> <p>For the financial year ended 31 December 2017, the Remuneration Committee has undertaken the following activities:-</p> <ul style="list-style-type: none">(a) Reviewed and recommended the remuneration packages for the EDs and Non-INED for the financial year ended 31 December 2017;(b) Reviewed and recommended the Directors' fees for the financial year ended 2017; and(c) Reviewed and recommended the benefits payable to the Non-Executive Directors pursuant to Section 230(1)(b) of the CA 2016. <p>The Board, as a whole, determines the remuneration of Non-Executive Directors, with each Director concerned abstaining from any decision with regards to his/her remuneration. The Company pays its Directors the fees which shall be voted for approval by the shareholders annually during the AGM. It was agreed that the following resolutions shall be tabled at the forthcoming AGM for the shareholders' approval:-</p> <ul style="list-style-type: none">(i) Directors' fees for the financial year ended 31 December 2017; and(ii) Directors' benefits payable for the period from 24 May 2018

	until the next AGM of the Company under Section 230(1)(b) of the CA 2016.	
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 :	<p>For the FYE 2017, the aggregate of remuneration received and receivable by the Executive Directors and Non-Executive Directors of the Company and the Group categorised into appropriate components are as follows:-</p> <p>Received from the Company</p> <table border="1"> <thead> <tr> <th>Name of Director</th> <th>Salaries RM'000</th> <th>Fees RM'000</th> <th>Benefits-in-kind RM'000</th> <th>Others RM'000</th> <th>Total RM'000</th> </tr> </thead> <tbody> <tr> <td colspan="6">Non-Executive Directors</td> </tr> <tr> <td>Law Piang Woon</td> <td></td> <td>2.5</td> <td>50</td> <td>-</td> <td>52.50</td> </tr> <tr> <td>Chew Pei Fang</td> <td></td> <td>2.5</td> <td>50</td> <td>-</td> <td>52.50</td> </tr> <tr> <td>Rosita Yeo Swat Geok</td> <td></td> <td>2.5</td> <td>50</td> <td>-</td> <td>52.50</td> </tr> <tr> <td>Total</td> <td></td> <td>7.5</td> <td>150</td> <td>-</td> <td>157.50</td> </tr> </tbody> </table> <p>Received on Group Basis</p> <table border="1"> <thead> <tr> <th>Name of Director</th> <th>Salaries RM'000</th> <th>Fees RM'000</th> <th>Bonus RM'000</th> <th>Contribution to defined contribution plan RM'000</th> <th>Benefits-in-kind RM'000</th> <th>Total RM'000</th> </tr> </thead> <tbody> <tr> <td colspan="7">Executive Directors</td> </tr> <tr> <td>Liao Yuan Shun</td> <td>102</td> <td>60</td> <td>11</td> <td>9</td> <td>31</td> <td>213</td> </tr> </tbody> </table>						Name of Director	Salaries RM'000	Fees RM'000	Benefits-in-kind RM'000	Others RM'000	Total RM'000	Non-Executive Directors						Law Piang Woon		2.5	50	-	52.50	Chew Pei Fang		2.5	50	-	52.50	Rosita Yeo Swat Geok		2.5	50	-	52.50	Total		7.5	150	-	157.50	Name of Director	Salaries RM'000	Fees RM'000	Bonus RM'000	Contribution to defined contribution plan RM'000	Benefits-in-kind RM'000	Total RM'000	Executive Directors							Liao Yuan Shun	102	60	11	9	31	213
Name of Director	Salaries RM'000	Fees RM'000	Benefits-in-kind RM'000	Others RM'000	Total RM'000																																																										
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Liao Yuan Shun	102	60	11	9	31	213																																																									

	Teo Swee Teng	252	80	36	31	29	428
	Cheng Soon Mong	252	80	36	12	53	433
Non-Executive Directors							
	Teo Kim Lap	144	80	18	15	8	265
	Liao Shen Hua	102	60	11	9	22	204
	Teo Kim Tay	144	80	18	15	50	307
	Liao Jung Chu	72	60	10	9	3	154
	Law Piang Woon	3	50	-	-	-	53
	Chew Pei Fang	3	50	-	-	-	53
	Rosita Yeo Swat Geok	3	50	-	-	-	53
	Total	1077	650	140	100	196	2163
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	<p>The top five (5) senior management includes two (2) Executive Directors of the Company (of which their detailed remuneration has been disclosed under Practice 7.1 of this Report).</p> <p>The Board is of that view that such disclosure would have adverse effect on the Company’s talent retention in the competitive industry. All senior management are remunerated based on their scope of duty and responsibilities, the Group’s and individual performance.</p> <p>Alternate Practices:-</p> <p>Practice 7.1 has been applied where there is detailed disclosure on named basis for the remuneration of individual Directors. Therefore, the Intended Outcome in respect of the Directors have been met where the stakeholders would be to assess whether the remuneration of directors is commensurate with their individual performance, taking into consideration the company’s performance.</p> <p>The Executive Chairman, being the highest-ranking Management is entrusted by the Board to look after the day-to-day management of the Group, including the recruitment of and the determination of their remuneration packages. In addition, as a check-and-balance system,, the Terms of Reference of the Remuneration Committee has been revised by the Board, where the Remuneration Committee is now responsible to review the remuneration packages of the senior management on a yearly basis, to ensure the packages provided commensurate with their individual performance, taking into consideration the company’s performance.</p> <p>The division of roles and responsibilities between Board, Board Committees, Individual Directors and Management, as advocated under Practice 2.1, has been encapsulated in the Board Charter and duly adopted by the Board. In view thereof, stakeholders should entrust the Board to assess whether the remuneration of directors</p>

	and senior management is commensurate with their individual performance, taking into consideration the company's performance.	
<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 positions of the Chairman of the Board and Audit Committee are held by separate individuals.</p> <p>Ms. Rosita Yeo Swat Geok, an INED of the Company, is presently the Chairman of the Audit Committee. Whereas the Chairman of the Board is Mr. Liao Yuan Shun.</p> <p>The Audit Committee comprises four (4) members, majority of whom are Independent Directors.</p> <p>The Terms of Reference of the Audit Committee has been revised on 30 March 2018 to reflect the requirements of Practice 8.1.</p> <p>The revised Terms of Reference of the Audit Committee is available on the Group’s corporate website at www.whitehorse.my.</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 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Terms of Reference of the Audit Committee has been amended on 30 March 2018 to formalise the policy that the appointment of a former key audit partner as a member of Audit Committee shall observe a cooling-off period of at least two (2) years before being appointed as a member of Audit Committee.</p> <p>None of the members of the Board were former key audit partners and and in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of Board.</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 8.3

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 Audit Committee has formal policy and procedures to assess the performance of external auditors.</p> <p>The Audit Committee conducted an annual assessment of the suitability and independence of the external auditors, Messrs. Ernst & Young (“EY”), in respect of the financial year under review. The Audit Committee was satisfied with the performance and independence of the external auditors as well as the fulfillment of criteria based on several factors, including independence of the external auditors, quality of audit review procedures and adequacy of the firm’s expertise and its resources to carry out the audit work that they were tasked with.</p> <p>EY had also provided written confirmation to the Audit Committee that they had been independent throughout the audit engagement in respect of the financial under review.</p> <p>Having considered all the above criteria, the Board had upon recommendation by the Audit Committee, approved the recommendation for the re-appointment of EY as external auditors of the Company for the ensuing year for the shareholders’ approval at the forthcoming AGM.</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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

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 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>All members of the Audit Committee possess necessary skills and a wide range of experience and expertise in areas such as accounting, audit, corporate law and public administration.</p> <p>Mr. Law Piang Woon (“Mr. Law”) holds a degree in Commerce (Accountancy) from Nanyang University, Singapore. Mr Law has been practising as a Public Accountant. Apart from his qualification as a member of the Malaysia Institute of Accountant, he also holds various qualifications including Certified Public Accountant (Australia), Chartered Accountant of the Institute Singapore Chartered Accountants, Fellows of the Chartered Tax Institute of Malaysia and Association of Chartered Certified Accountants respectively. Therefore, the requirement of Paragraph 15.09(1)(c) of the Main Market of Bursa Securities where at least one (1) member of the Audit Committee must be a qualified accountant has been complied with.</p> <p>All members of the Audit Committee have undertaken continuous professional developments and during the year, the Audit Committee members attended the training as set out in the Annual Report 2017.</p> <p>The members of the Audit Committee collectively have the necessary skills and a wide range of experience and expertise in areas such as accounting, audit, finance, business acumen and analytical skills, corporate law and public administration.</p> <p>Based on the outcome of the performance assessment on the Audit Committee by the Nomination Committee, both the Nomination Committee and the Board are satisfied with the performance of the Audit 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

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 Risk Management Committee has established an Enterprise Risk Management Framework to determine the Company’s level of risk tolerance and actively identify, assess and monitor key business to safeguard shareholders’ investments.</p> <p>The Statement on Risk Management and Internal Control of the Group as set out in the Annual Report 2017 provides an overview of the state and features of risk management and internal controls within the Group, in compliance with Practice 9.2 of the Malaysian Code on Corporate Governance.</p> <p>For the financial year ended 31 December 2017, the Board opined that the risk management and internal controls of the Group were effective and adequate.</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

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board had via the Audit Committee oversees the risk management and internal control system of the Group.</p> <p>The Audit Committee, with the assistance of the Risk Management Committee, reviews and recommends for the Board’s approval matters related to risk management within the Group. The Audit Committee also assesses the risk tolerance of the Group in order to safeguard the interest of its shareholders.</p> <p>The Statement on Risk Management and Internal Control set out in the Annual Report 2017 provides an overview of the internal control within the Group during the financial year under review.</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 9.3 - 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	:	<p>The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group’s system of internal control is satisfactory and operating effectively. The internal auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the Group’s framework in designing, implementing and monitoring its internal control system. An Internal Audit Planning Memorandum, setting out the internal audit work expected to be carried out for a period of one year, is tabled to the Audit Committee at the beginning of the year.</p> <p>The Company has its own internal audit function to identify and assess the principal risks and to review the adequacy and effectiveness of the internal controls of the Group. Areas for improvement were highlighted and the implementation of recommendations was monitored. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.</p> <p>The In-House Internal Auditors communicate regularly with and report directly to the Audit Committee. For the financial year ended 31 December 2017, the In-House Internal Auditors met up twice with the Audit Committee.</p> <p>For the financial year ended 31 December 2017, the Audit Committee was satisfied with the in-house internal auditors’ technical competency and audit independence based on the annual assessment.</p> <p>During the year under review, the internal audit review completed by the internal auditors were stated in the Audit Committee Report of the Annual Report 2017.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

Companies 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 Head of Internal Audit Department is headed by Ms. Chiang Hsieh Tsui-Ju who holds a Degree in Accountancy and possess 20 years of experience in finance and accounting and internal audit functions.</p> <p>There are a total of ten (10) staff in the Internal Audit Department. All the internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.</p> <p>The internal audit work was carried out in accordance with a framework set by a recognised professional body i.e. International Professional Practice Framework issued by Institute of Internal Auditors, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information which signifies a satisfactory conclusion of the internal audit works.</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 there is effective, transparent and regular communication with its stakeholders through a variety of communication channels as follow:-</p> <p>(a) <u>Shareholders' Communication and Investor Relations</u></p> <p>The Company is committed to on-going communication across its entire shareholder base, whether institutional investors, private or employee shareholders. This is achieved principally through annual and quarterly reports and the AGM and timely dissemination of information on significant company developments and price sensitive information in accordance with the Main LR of Bursa Securities. All the Directors were present at the Nineteenth AGM of the Company held on 26 May 2017 to engage with the shareholders personally and proactively.</p> <p>The proceedings of the AGM included the presentation of the Company's operating and financial performances for the financial year under review, the presentation of financial statements to the shareholders, and a question and answer session in which the Chairman of the Meeting would invite shareholders to raise questions on the Company's financial statements and other items for adoption at the AGM, before putting a resolution to vote. The EDs ensure that sufficient opportunities are given to shareholders to raise issues relating to the affairs of the Company and that adequate responses are given.</p> <p>All Non-Executive Directors abstained from voting on the resolution concerning their remuneration. The external auditors and/or share registrar will be on standby to act as independent scrutineers and poll administrator respectively, should a demand for a poll be requested. The results of all the resolutions set out in the Notice of the Twentieth AGM will be announced on the same day to the Bursa Securities, which is accessible on the Bursa Securities' website.</p> <p>The Board ensures that full information of the Directors who are retiring at the AGM and willing to serve if re-elected are disclosed in the Notice of the AGM.</p>

	<p>The explanatory notes facilitating full understanding and evaluation of issues involved in the proposed resolutions accompanying each item of special business is included in the Notice of the AGM.</p> <p>(b) <u>Leverage on Information Technology for Effective Dissemination of Information</u></p> <p>The Company’s website incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by the public. This Investor Relations section enhances the Investor Relations function by including all announcements made by the Company, annual reports as well as the financial information of the Company.</p> <p>The announcement of the quarterly financial results is also made via Bursa LINK immediately after the Board’s approval. The Board discloses to the public all material information necessary for informed investment and takes reasonable steps to ensure that all shareholders enjoy equal access to such information.</p> <p>(c) <u>Downloadable “Tiles Handbook”</u></p> <p>The Board noted the Group has developed a unique “Tiles Handbook”, which is downloadable from the Company’s website at http://www.whitehorse.my/. The said Handbook focuses on the various aspects of ceramic tiles such as characteristics of the tiles, tips for choosing appropriate tiles prior to purchase, types of checks to be made before laying the tiles, methods of laying the tiles as well as care and maintenance of the tiles.</p> <p>(d) <u>White Horse Ceramic App</u></p> <p>This mobile application enables the public to quickly and easily view the Group’s latest ceramic wall tiles, ceramic floor tiles and porcelain tiles series. It is downloadable from the Company’s website at http://www.whitehorse.my/; by way of scanning of QR Code; purchase from Apple App Store or Download vide Google Playstore.</p> <p>(e) <u>Investor Relations</u></p> <p>During the financial year ended 31 December 2017, the Group has invited investors from financial institutions to our manufacturing facilities for visitation and discussions.</p>
<p>Explanation for departure :</p>	
<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 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 classified as “Large Company”.	
		As an alternative practice, Practice 11.1 has been met in order to achieve the Intended Outcome.	
<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	:	<p>The Annual Report, which contains the Notice of AGM, was sent to shareholders at least 28 days prior to the date of the meeting to give sufficient time to shareholders to consider the resolutions that will be discussed and decided at the AGM. The Notice of AGM, which sets out the businesses to be transacted at the AGM, was also published in a major local newspaper.</p> <p>The notes to the Notice of AGM also provide detailed explanation for each resolutions proposed to enable shareholders to make informed decisions in exercising their voting rights.</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

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>During AGM held in 2017, nine (9) out of ten (10) Directors attended the AGM.</p> <p>The Chairmen of the Audit Committee, Nomination Committee and Remuneration Committee were present on stage to address any questions from shareholders in respect of matters that fall under the purview of the Board Committees.</p> <p>In addition to the above, members of the senior management and external auditors of the Company have also attended and will continue to attend the AGM to respond to the shareholders' queries.</p> <p>All Directors will attend General Meetings and will take any relevant questions addressed to them unless unforeseen circumstances preclude them from attending General Meetings.</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

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>Presently, the Company does not have any facilities to cater for voting in absentia and remote shareholders’ participation at general meetings.</p> <p>Pursuant to the Corporate Governance Guide issued by Bursa Securities, listed corporations are encouraged to move towards electronic AGM, whereby shareholders in different locations could attend (and also vote) at AGMs through web—cast or other forms of electronic media that would allow simultaneous participation (e.g., either through mobile devices or personal computers).</p> <p>Prior to implementing the voting in absentia and remote shareholders’ participation at general meeting(s), the Board noted several factors/conditions need to be fulfilled prior to making such consideration:-</p> <ul style="list-style-type: none"> • Relevant amendments to the Articles of Association/Constitution of the Company to outline the procedures for enabling such voting/participation; • Availability of technology and infrastructure; • Affordability of the technology and infrastructure; • Sufficient number of shareholders residing/locating at particular remote location(s); • Age profile of the shareholders. <p>In view thereof, the Board will not be recommending the adoption such voting/participation format at the forthcoming AGM of the Company.</p> <p>As an alternative practice, the Company has made the following arrangements:-</p>

	<p>(1) <u>Venue of AGM in Johor</u></p> <p>The venue of the forthcoming AGM has been fixed at the Company's headquarter in Johor, with accessible transportation links to ease the shareholders' attendance. Shareholders are also encouraged to view the Sales Gallery in order to be familiarise with the Company's products.</p> <p>(2) <u>Appointment of Proxy(ies)</u></p> <p>For shareholders who are not able to make the journey to the AGM venue, they are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his stead at the AGM.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

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

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

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