

CORPORATE GOVERNANCE STATEMENT

The Board is committed to ensure that a high standard of corporate governance is practiced throughout the Group in discharging its responsibilities with integrity, transparency and professionalism, to protect and enhance shareholders' value and the financial position of the Group.

The Board acknowledges the importance of good corporate governance and fully supporting the principles and best practices promulgated in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"). The Corporate Governance Overview Statement ("CG Statement") is to be read together with Corporate Governance Report ("CG Report"), based on prescribed format as outlined in paragraph 15.25 of the Main Market Listing Requirements. The CG Statement and CG Report are available for reference on the Group's website at www.nwp.com.my.

The Board is pleased to present the following statement which describes how the Company has applied the principles and practices as set out in the Code that has been in place throughout the FYE 2018.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART 1 – BOARD RESPONSIBILITIES

Board Leadership on Objectives and Goals

The Board's pivotal role is to lead and establish the Group's vision, provision of strategic direction, formulation of policies and enhancement of resources for the Group. The Board takes into consideration the interests of all stakeholders in the decision making process so as to ensure the Group's objectives of creating long term shareholder value are met.

An effective Board is the one that made up of a combination of executive directors with intimate knowledge of the business and non-executive directors from diversified industry/business background to bring broad business and commercial experience to the Group. The Group is led by a strong and experienced Board under the Chief Executive Officer.

The Board will normally hold meetings at least four (4) times in each financial year to consider:

- i) Relevant operational reports from the management;
- ii) Reports on the financial performance;
- iii) Quarterly financial statements for announcement to authorities; and
- iv) Major issues and opportunities for the Group, if any.

As part of its efforts to ensure effective discharge of its duties, the Board has delegated certain functions and responsibilities to the following Board Committees:

- Nominating Committee;
- Remuneration Committee;
- Investment Committee;
- Share Issuance Scheme (SIS) Option Committee; and
- Audit Committee.

All Board Committees do not have executive power but report to the Board on all matters considered and the ultimate responsibility for decision making on recommendations presented by the Board Committees lies with the Board.

Access to information and advice

Management has an obligation to provide the whole Board with complete, well-focused and adequate information of which it is aware of in order to discharge the Board's responsibilities. The Board therefore expect to receive timely advice on all material information about the Group, its operating units, its activities and performance, particularly any significant variances from the planned course of progress. As a general rule, the agendas and papers on subjects discussed during Board meetings are disseminated to the Board in a timely manner prior to the Board meetings to accord sufficient time for their review, consideration and to seek clarification (if any) so as to enable them to participate effectively in Board deliberations and decisions making. This, in turn, enable the time at the Board meeting to be conserved and used for focused discussion. All Directors have the rights and duties to make further enquiries whenever necessary.

The Board may seek independent advice at the Group's expense, in the furtherance of their duties to make well-informed decision

Company Secretaries

The Board is supported by qualified and competent Company Secretaries to provide sound governance advice, ensure adherence to Board policies and procedures, laws and regulatory requirements, and advocate adoption of corporate governance best practices in addition to the administrative matters. All Directors have full access to the advice and services of the Company Secretaries at all times.

Board Charter

The Board has adopted a Board Charter which provides Directors with greater clarity regarding the role of the Board, the requirements of Directors in carrying out their roles and discharging their duties to the Company and the Board's operating practices.

The Board Charter is reviewed and updated periodically in line with changes in the expectations of the investing public and stakeholders of the Company in general and the guidelines issued by the regulatory authorities. The Board Charter is available on the Company's website at www.nwp.com.my.

Ethical Standards through Code of Conduct

The Board is committed in maintaining a corporate culture which engenders ethical conduct. The Board has formalized the Code of Conducts which summarises what the Company must endeavor to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimize any risks that may occur.

The Board will review the Code of Conduct when necessary to ensure it remains relevant and appropriate. The details of the Code of Conduct are available for reference at the Company's website at www.nwp.com.my.

The Board has also adopted a Whistleblowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices. The details of the Whistleblowing Policy are available at the Company's website at www.nwp.com.my.

Business Sustainability

The Board is mindful of the importance of business sustainability and reviews operational practices which impact on sustainability of environment, governance and social aspects of its business on a regular basis.

The Group is committed to the continuous efforts in maintaining a delicate balance between its sustainability agenda and other stakeholders' interest. The details of the sustainability efforts are set out in the "Corporate Sustainability Statement" of this Annual Report.

PART 2 – BOARD COMPOSITION

Board Balance

The Board consists of five (5) members comprising two (2) Executive Directors, two (2) Independent Non- Executive Directors and one (1) Non-Independent Non-Executive Director. This is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. The Directors have the necessary skills, experience, qualification and other core competencies, in order to carry sufficient weight in making balanced, objective and accountable decisions.

The present of Independence Directors provide a good complementing role to ensure a balance of power and authority. The role of Independent Directors is particularly important in ensuring that the strategies proposed by the Management are fully discussed and examined as they provide unbiased and independent views, advice and judgement to take account of interest, not only of the Group, but also of shareholders, employees, customers, suppliers and the many communities in which the Group conduct business.

The current size and composition of the Board are considered adequate to provide an optimum mix of skills, experience and expertise. The Board is of the view that with the current Board composition, there is no imbalance of power and authority on the Board between non-independent and independent directors. The Board will continue to monitor and review the Board size and composition from time to time.

Tenure of Independence Directors

The Board is mindful that the recommendations of the MCCG 2017 where the tenure of an independent director should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) 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 (9) years, it should justify and seek annual shareholders' approval.

The Board has, through the Nominating Committee, adopted the same criteria of independence as set out in the Listing Requirements to assess the Independent Directors on an annual basis. In assessing the independence of Independent Directors, the Board, taking into account the individual Director's ability to exercise independent judgement at all times and to contribute to the effective functioning to the Board.

The Board, through the Nominating Committee has assessed all the Independent Directors and concluded that they met the criteria and are able to bring unbiased, independent view and advice in discharging their duties and responsibilities.

As at the date of this statement, none of the independent directors had served the Company for more than nine (9) years.

Directors' Training

The Board recognizes the importance of training as a continuous education process for the Directors in order to ensure that the Directors stay abreast of the latest developments and changes in laws and regulations, business environment and new challenges and to equip the Directors with the necessary knowledge and skills to enable them to fulfill their responsibilities and to discharge their duties effectively.

The Directors are briefed by the Company Secretaries on the letters and circulars issued by the Bursa Securities at every Board Meeting. They continue to remain updated on industrial practice, business environment, IT products and knowledge.

Trainings, conference and seminars attended by Directors comprised the following: -

Directors	Courses attended
Dato' Sri Kee Soon Ling	Financial Reporting
Wong See Ming	Financial Reporting
Tan Shiah Huei	Financial Reporting
Yew Onn Chong	Financial Reporting
Mak Hon Leong	Financial Reporting

Nominating Committee

The Nominating Committee ("NC") comprises three (3) Non-Executive Directors. The present members of the NC are as follows:

Chairman	Tan Shiah Huei	Independent Non-Executive Director
Members	Yew Onn Chong	Independent Non-Executive Director
Members	Mak Hon Leong	Non-Independent Non-Executive Director

The NC is empowered to bring to the Board, recommendations as to the appointment of any new Executive or Non-Executive Director, provided that the Chairman of the NC, in developing such recommendations, consults all directors and reflects that consultation in any recommendation of the NC brought forward to the Board. In making its recommendation, the NC will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which Directors of the Company should bring to the Board.

During the FYE 2018, the NC undertook the following:

- i) Assessed the performance of individual Directors and the Board as a whole as part of the Annual Assessment, which covered performance of the Board, Board Committee and individual Directors;
- ii) Conducted assessment of the Independent Directors and made its recommendation to the Board;
- iii) Considered and recommended to the Board, the re-election of the Directors who are subject to retirement by rotation at the forthcoming AGM of the Company; and
- iv) Reviewed the training needs of the Directors.

Criteria for recruitment and annual assessment of directors

The NC is responsible to recommend the identified candidate to the Board if there is vacancy arises from resignation, retirement or any other reasons or if there is a need to appoint additional director with the required skill or profession to the Board.

The Board is mindful of the importance of diversity in its composition in ensuring its effectiveness and good corporate governance. As at the date of this Statement, the Board has yet to establish any diversity policy, the Board will consider females onto the Board in due course to bring about a more diverse perspective.

Time Commitment

The existing Directors are obliged to notify the Board before accepting any new directorship in other listed issuer. The notification will include an indication of time spent on the new appointment to ensure the Directors have sufficient time to discharge their duties to the Board and other Board Committees on which they serve. All the Directors hold less than five (5) directorships in listed issuers as defined in the Listing Requirements.

Directors	Number of Board Meetings Attended
Dato' Sri Kee Soon Ling <i>Chief Executive Officer</i>	8 / 9
Dato' Zhang Li <i>Executive Director</i> (ceased on 12 February 2018)	3 / 9
Wong See Ming <i>Executive Director</i> (Appointed on 16 April 2018)	3 / 9
Prof. Datuk Dr. Dominic Lau Hoe Chai <i>Independent Non-Executive Director</i> (Resigned on 26 March 2018)	3 / 9
Paulinus Mojiun <i>Independent Non-Executive Director</i> (Resigned on 26 March 2018)	3 / 9
Yew Onn Chong <i>Independent Non-Executive Director</i>	9 / 9
Mak Hon Leong <i>Non-Independent Non-Executive Director</i>	8 / 9
Tan Shiah Huei <i>Independent Non-Executive Director</i> (Appointed on 4 June 2018)	3 / 9

The Board is satisfied with the level of time commitment given by all the Directors in fulfilling their roles and responsibilities as Directors of the Company.

PART 3 - REMUNERATION

Remuneration Committee

The Remuneration Committee ("RC") comprises three (3) Non-Executive Directors. The present members of the RC are as follows:

Chairman	Tan Shiah Huei	Independent Non-Executive Director
Members	Yew Onn Chong	Independent Non-Executive Director
Members	Mak Hon Leong	Non-Independent Non-Executive Director

The RC met once during the FYE 2018.

The Board has adopted and formalized Remuneration Policies and Procedures for the Directors

Each individual Directors has abstained from the Board discussion and decision making on his own remuneration.

The Remuneration Committee will be responsible for developing the remuneration policy and recommending the remuneration packages for Executive Directors of the Company and its subsidiaries so as to ensure that the remuneration package offered is sufficient to attract and retain Directors with necessary caliber, experience and quality required to run the Group in an effective and efficient manner. The fees for Non-Executive Directors are determined by the Board as a whole.

Details of the remuneration of the Directors of the Company and its subsidiary during FYE 2018 are as follows:

	Fees	Salaries and other emoluments	Total
	(RM)	(RM)	(RM)
<u>Executive Director</u>			
Dato' Sri Kee Soon Ling	40,000	-	40,000
Wong See Ming	-	297,896	297,896
Dato' Zhang Li (ceased on 12 February 2018)	80,000	-	80,000
<u>Non-Executive Director</u>			
Yew Onn Chong	8,000	-	8,000
Mak Hon Leong	8,000	-	8,000
Tan Shiah Huei	5,800	-	5,800
Prof. Datuk Dr. Dominic Lau Hoe Chai (<i>resigned on 26 March 2018</i>)	18,000	-	18,000
Paulinus Mojiun (<i>resigned on 26 March 2018</i>)	18,000	-	18,000
Dato' Zaidi Mat Isa (<i>resigned on 30 October 2017</i>)	4,000	-	4,000
Adrian Lasimbang (<i>resigned on 18 July 2018</i>)	3,000	-	3,000

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART 1 – AUDIT COMMITTEE

In presenting the annual financial statements and quarterly announcement to shareholders, the Directors have fiduciary responsibility to present a balanced evaluation and comprehensive assessment of the Group's performance, position and prospects.

The Board through its Audit Committee ("AC") ensures that the quarterly financial statements and audited financial statements prepared are drawn in accordance with the provision of the Companies Act 2016, Listing Requirements and the Financial Reporting Standards in Malaysia. The AC provides assistance to the Board in fulfilling these statutory and fiduciary responsibilities with regard to the financial reporting process, reviewing the scope of and results of internal and external auditing processes and monitoring the effectiveness of the internal controls and risk management to ensure the Board makes properly informed decisions and interests of shareholders are protected.

The Company undertakes an annual assessment of the external auditors, via the AC, based on the criteria including quality of audit services, audit fees and audit independence as set out in the Auditor Independence Policy. The external auditors had provided a confirmation of their independence to the AC that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Where necessary, the AC will meet with the external auditors without the presence of Executive Directors and members of management to ensure that the independence and objectivity of the external auditors are not compromised and matters of concerns expressed by the AC are duly recorded by the Company Secretaries.

The AC, having assessed the performance and independence of Messrs Ecovis AHL PLT for FYE 2018 was satisfied with their suitability and independence and recommended to the Board for their re-appointment as external auditors at the forthcoming Annual General Meeting subject to the shareholders' approval.

PART 2 – RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge their responsibilities for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The internal control system involves each business and key management from each business, including the Board, and is designed to meet the Group's particular needs and to manage the risks to which it is exposed. This system, by its nature, can only provide reasonable but not absolute assurance against misstatement or loss.

The Statement on Risk Management and Internal Control on pages 19 to 20 of this Annual Report provides an overview of the state of risk management and internal controls within the Group.

The Risk Management Committee ("RMC"), led by the Executive Director, comprises heads of the respective business units.

The RMC provides oversight and direction for the implementation and application of the Risk Management Policy and framework, reviewing Risk Management Policy and framework and make recommendation to the Board for approval, reviewing risk management process and assessing whether they provide reasonable assurance that risk are effectively managed, reviewing key business risks to ensure that action and risk mitigation plans have been implemented effectively, encouraging promotion of risk management awareness among the staff and reporting key business risks to the Board.

The Board established an independent internal audit function that reports directly to the AC assisted by RMC. This internal audit function is outsourced to an independent professional firm.

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

PART 1 – Communication with Stakeholders

The Board and management value the importance of effective and transparent communications with shareholders and investors. This is achieved through the timely release of annual reports, quarterly announcement and other corporate announcements made to Bursa Securities. Corporate and financial information on the Group are easily assessable by the shareholders and the public through the Company's website www.nwp.com.my. The website provides up-to-date corporate details, overview of business activities and operations, Company's performance and position, annual reports and all announcements made. This ensures no selective dissemination of information and there is always symmetry of information disclosure.

PART 2 – Conduct of General Meeting

The Annual General Meeting ("AGM") is a crucial mechanism as it provides the Board an important forum for shareholders' communication. At each AGM, the Board encourages shareholders to participate in question and answer session in order to communicate their views and seek clarifications. The CEO, members of the Board, Company Secretaries, senior management and external auditors are present to address queries during the meeting.

Notice of AGM is issued and served to all shareholders at least twenty-one (21) days prior to the AGM.

Each item of special business included in the notice of the AGM is accompanied by a full explanation of the effects of a proposed resolution in order to facilitate understanding and evaluation of the issues involved. Separate resolutions are proposed at the GAM for each separate issues.

COMPLIANCE STATEMENT

The Board is satisfied that to the best of its knowledge, the Company is substantially in compliance with the principles and practices set out in the MCCG 2017 as well as the relevant Listing Requirements for FYE 2018. Any practices in MCCG 2017 which have not been implemented during the financial year will be reviewed by the Board and implemented where possible and relevant to the Group's business.

This Statement was made in accordance with the resolution of the Board date 21 December 2018