

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7595
COMPANY NAME : MGB BERHAD
FINANCIAL YEAR : December 31, 2019

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>The Board of Directors ("Board") of MGB Berhad ("MGB" or "the Company") takes full responsibility in leading, governing, guiding and monitoring the entire performance and enforces standards of accountability including the process for financial reporting, risk management and compliance.</p> <p>In discharging its functions and responsibilities, the Board is guided by the Board Charter. The Board delegates specific responsibilities to the respective Board Committees, namely Audit Committee ("AC"), Nomination and Remuneration Committee ("NRC") and Risk Management Committee ("RMC") in order to enhance business and corporate efficiency and effectiveness. The Board Committees operate within their clearly defined terms of reference ("TOR(s)") and the Board receives reports of their proceedings and deliberations as well as their recommendations. The ultimate decision making lies with the Board.</p> <p>The Board through the AC monitors the operation and business of the Group on a quarterly basis by reviewing the reports presented by the Management comprising quarterly results and financial performance.</p> <p>The Board through the RMC develops, executes and maintains the risk management system of the Group. The RMC monitors and manages the significant risks faced by the operation and business and reports to the AC and Board twice a year. During the year, RMC also recommended to AC and the Board on various development rights and joint venture agreement for approval.</p>

	The Board through the NRC identify suitable qualified candidates through various channels to ensure the Group has a pool of talent for selection whenever there is a need to appoint new Directors. During the financial year ended 31 December 2019 (“ FY2019 ”), the NRC proposed the appointment of Puan Nadhirah binti Abdul Karim as an Independent Non-Executive Director and a Member of AC to the Board for approval. The NRC also reviews the remuneration packages of the Directors and senior management (Grade GM1 and above).	
Explanation for departure	:	Not Applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Not Applicable
Timeframe	:	Not Applicable

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 Chairman of the Board is Dato' Abdul Majit bin Ahmad Khan (Independent Non-Executive Director) who is primarily responsible for ensuring Board effectiveness and monitoring the workings of the Board.</p> <p>The Chairman is mindful and committed to instill good corporate governance practices and has been leading the Board with a keen focus on governance and compliance.</p> <p>The key roles and responsibilities of the Chairman, amongst other, as follows:</p> <ul style="list-style-type: none"> • To provide leadership of the Board; • To oversee the Board in effective discharge of its fiduciary duties; • To promote constructive and respectful relations between Board members and between the Board and Management; • To lead and ensure efficient and effective conduct of the Board's meetings; and • To commit time necessary to discharge his role as Chairman effectively. 	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	

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	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and Group Managing Director are held by two different individuals. Dato' Abdul Majit bin Ahmad Khan is the Independent Non-Executive Chairman of the Board whereas Tan Sri Dato' Sri Lim Hock San is the Group Managing Director entrusted with providing the necessary support for the Chairman.</p> <p>The roles of the Chairman and Group Managing Director are distinct and separate to ensure balance of power and authority. Having a clear separation of roles of the Chairman and Group Managing Director provides a healthy, independent and professional relationship between the Board and the Management.</p> <p>The Chairman of the Board is primarily responsible for ensuring Board effectiveness and monitoring the workings of the Board.</p> <p>Group Managing Director has the overall responsibilities over the Group's operation, organisational performance effectiveness and implementation of strategy, overseeing and managing the day-to-day operations of the Group. Group Managing Director is also responsible for determination of strategic direction of the Group for the Board's consideration and approval.</p>
Explanation for departure	:	Not Applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	Not Applicable
Timeframe	:	Not Applicable

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 two (2) Company Secretaries, Mr Chong Voon Wah and Ms Yeo Chiou Yean. Both of them are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016 and they are members of the Malaysian Institute of Chartered Secretaries & Administrators (MAICSA).</p> <p>The Company Secretaries plays an important advisory role and as a central source of guidance, information and advises to the Board and Board Committees on issues relating to corporate compliance with the relevant laws, rules, regulations and procedures affecting the Board and the Group, as well as best practices of governance.</p> <p>The Board and Board Committees will have unlimited access to the services of the Company Secretaries to enable them to discharge their duties effectively.</p> <p>The Company Secretaries attend all the Board and Board Committee meetings and ensure all discussions and deliberations during these meetings are accurately recorded and properly maintained. The Company Secretaries also act as the custodian of the Company's statutory records to ensure compliance with the statutory requirements such as Companies Act 2016 and Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").</p> <p>The Company Secretaries facilitates the communication of decisions made and policies set by the Board to the Management Team for action. This is to ensure that there are timely information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.</p>

	<p>The Company Secretaries constantly keep themselves abreast with the regulatory changes and developments through attendance at various trainings and seminars.</p> <p>The Company Secretaries also play an important role in ensuring that the proceedings in general meetings are in place and properly managed by assisting the Chairman and the Board in facilitating the conduct of the meetings.</p>	
Explanation for departure	:	Not Applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Not Applicable
Timeframe	:	Not Applicable

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>A pre-scheduled annual calendar of the Board Meetings is circulated to all the Board members at the beginning of each financial year to facilitate the Directors to plan their schedules.</p> <p>The Board meets at least five (5) times a year with additional meetings, if required. To ensure that the Board receives information on a timely manner, the notices of meetings are sent to the Directors at least seven (7) days before the meetings. The Board papers via e-book will be emailed before the meeting to provides the Board with sufficient time to review and obtain further clarification which will enable smooth and constructive deliberation at the meetings.</p> <p>All deliberations at the Board Meetings are duly minuted as records of proceedings, including matters where Directors abstained from deliberations and/or voting. Decision made, policies approved and follow-up actions at Board Meetings will be communicated to the Management Team accordingly. Minutes of meetings are circulated and confirmed as a correct record by the Board and Board Committees at the next meeting.</p>
Explanation for departure	:	Not Applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Not Applicable
Timeframe	:	Not Applicable

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 has adopted a Board Charter which sets how its roles, powers and responsibilities are exercised, having regard to principles of good governance, best practices and applicable laws.</p> <p>The Board Charter upholds high standard of governance and clarifies, amongst others, the roles and responsibilities of the Board and serves as a general statement of intent and expectation as to how the Board discharge its duties and responsibilities.</p> <p>The Board Charter will be reviewed and updated periodically as and when necessary to ensure its appropriateness and relevance to the Company from time to time and its compliance with the relevant laws, rules and regulations.</p> <p>In discharging its fiduciary duties, the Board has established and delegated specific tasks to the following Board Committees, which have the authority to examine and report to the Board:</p> <ol style="list-style-type: none">1) <u>AC</u> The AC ensure high corporate governance practices whilst providing oversight on the Group's financial reporting, disclosure, regulatory compliance, risk management and monitoring of internal control processes within the Group.2) <u>NRC</u> The NRC reviews the procedures for appointment of Directors and senior management (Grade GM1 and above) of the Group and their remuneration packages. NRC also assesses annually the effectiveness, size and composition of the individual directors, Board and Board Committees.

	<p>3) <u>RMC</u> The RMC identify, evaluate, monitor and report the risk areas and provide control measures, recommendations and management action plans to mitigate such risks through meetings and updates the AC.</p> <p>All Board Committees operate within their respective TORs which were approved by the Board. The TORs of AC and NRC are available on the Company's corporate website.</p> <p>The Board takes full responsibility for the oversight and overall performance of the Group. The Board reserves full decision-making powers on the following matters:</p> <ul style="list-style-type: none"> a) approval of corporate plans and programmes; b) approval of material investments and divestments, mergers and acquisitions, corporate restructuring both local and abroad; c) appointment of new Directors, Chief Executive Officer/Managing Director and other senior management positions are based on recommendation of the Group's Nomination and Remuneration Committee; d) approval of annual financial statements and the quarterly financial results prior to releasing to Bursa Securities; and e) approval of material related party transactions and capital financing. <p>The Board Charter is made available at the Company's corporate website at www.mgbgroup.com.my.</p>
<p>Explanation for departure</p>	<p>: Not Applicable</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>: Not Applicable</p>
<p>Timeframe</p>	<p>: Not Applicable</p>

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 Group has in place Code of Conduct and Business Ethics for Directors and employees which sets out the standards of conduct expected of Directors and employees with the objectives to enhance public confidence and trust in the integrity of the Group.</p> <p><u>Directors' Code of Conduct</u></p> <p>The Board has adopted Directors' Code of Conduct which sets out twelve (12) principles as follows and acts as guidance for proper standards of conduct, sound and prudent business practices as well as standard of ethical behaviour for Directors, based on the principles of integrity, responsibility, sincerity and corporate social responsibility:</p> <ul style="list-style-type: none">• to observe high standards of Corporate Governance• to devote sufficient time and effort• to avoid conflict of interest• to avoid misuse of position and information• to ensure integrity of records• to ensure confidentiality of communication and transactions• to ensure compliance with applicable laws• to demonstrate openness and timeliness of communication• to exercise duties and act honestly in the best interest of the Company• to uphold accountability• to maintain positive relationship with shareholders, employees, creditors and customers• corporate social responsibility

Business Ethics

The Board has also put in place the following Business Ethics for Directors and all employees of the Group:

- **Insider Trading**

Directors and employees who possess price sensitive information which is not available to the public, are not allowed to trade in the Company's securities.

Notice in relation to the dealings of the Company's securities during close period are sent to Directors and principal officers on a quarterly basis specifying the timeframe of close period and the day of which they are prohibited from dealing in the Company's securities.

- **Declaration of Interests**

The Directors acknowledge that by declaring their interest in any transaction with the Company and the Group, they will abstain themselves from deliberation and voting on the relevant resolutions at the Board Meetings or general meeting. If a corporate proposal has to be approved by the shareholders, the Directors with any interest in the proposal will abstain from voting on the resolution and will further undertake to ensure that persons connected with them also will abstain from voting on the resolution.

- **Group IT Policies**

Under the Group IT Policies, staffs are strictly prohibited from installing, copying or downloading any illegal, unlicensed and unauthorised software onto their desktop and notebook, as these would constitute criminal offence under the Copyright Act, 1987. Stern disciplinary actions will be taken against any staff who found committed this offence.

- **Standard Operating Procedures**

Well documented SOPs within the Group were established and approved as standard processes, procedures and responsibilities for employee. It provides as their key reference in maintaining efficiency and the uniformity of the performance of a specific function.

- **Corporate Disclosure Policy and Procedures**

The Board recognises the importance of keeping the shareholders and stakeholders informed and updated on the development concerning the Group. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities and practices open

	<p>communication. In order to maintain its commitment of effective communication with shareholders and stakeholders, the Group embraces the practice of comprehensive, timely and continuing disclosures of information to make investment decision making.</p> <ul style="list-style-type: none"> • Employees' Code of Conduct <p>Employees are expected at all times to maintain the highest standards of professionalism and integrity. This includes communications with colleagues, customers, clients, suppliers and the general public. These standards apply to communications that are verbal, written and electronic.</p> <ul style="list-style-type: none"> • Sexual Harassment Policy <p>To ensure that all employees have a safe and conducive working environment and free from sexual harassment at the workplace, any sexual harassment of any nature at the workplace is prohibited. All investigation of sexual harassment will be fair and objective and appropriate action will be taken against the employee(s) concerned.</p> <ul style="list-style-type: none"> • Privacy and Personal Data Protection Policy <p>All personal data will be kept and processed in a secured manner. Procedures are in place to ensure that all employees, contractors, agents, consultants and other parties who have access to any personal information held by or on behalf are fully aware of and abide by their duties and responsibilities.</p> <p>The Board will review the Code of Conduct and Business Ethics as and when necessary to ensure it remains relevant and appropriate. The Directors' Code of Conduct is available at the Company's corporate website.</p>
<p>Explanation for departure</p>	<p>: Not Applicable</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>: Not Applicable</p>
<p>Timeframe</p>	<p>: Not Applicable</p>

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	:	The Company has formalised a whistleblowing policy with the aim of providing an avenue for all employees of the Group and members of the public to disclose any improper conduct in accordance with the procedures as provided for under the policy and to provide protection for employees and members of the public who report such allegations. There were no cases reported during the FY 2019. The Whistleblowing Policy is available on the Company's corporate website.	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	

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	:	Applied
Explanation on application of the practice	:	<p>The Board comprises eight (8) Directors as follows:</p> <p>(i) four (4) Independent Non-Executive Directors, which constitute 50% of the Board; and</p> <p>(ii) four (4) Executive Directors.</p> <p>Based on the above, the Board had complied with the Listing Requirements of at least two (2) or one-third (1/3) of the Board must be Independent Directors.</p> <p>All the four (4) Independent Non-Executive Directors have met the criteria of independence as prescribed under Listing Requirements of Bursa Securities, which the assessment was conducted on an annual basis to ensure that they are independent and free from any business or relationship which could materially interfere with their independent judgement or the ability to act in the best interests of the Group.</p>
Explanation for departure	:	Not Applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	Not Applicable
Timeframe	:	Not Applicable

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	:	Not applicable - No independent director(s) serving beyond 9 years													
Explanation on application of the practice	:	<p>In the event that the Board intends to retain the Director as Independent Director after he/she has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting to retain him/her as an Independent Director.</p> <p>The summary of the years of service of the Independent Directors as at 31 December 2019 is set out below:</p> <table border="1" data-bbox="560 1173 1407 1397"> <thead> <tr> <th>Years of Service</th> <th>< 1</th> <th>1 to <3</th> <th>3 to <6</th> <th>6 to <9</th> </tr> </thead> <tbody> <tr> <td>No. of Directors</td> <td>2</td> <td>0</td> <td>1</td> <td>1</td> </tr> </tbody> </table> <p>The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors.</p>				Years of Service	< 1	1 to <3	3 to <6	6 to <9	No. of Directors	2	0	1	1
Years of Service	< 1	1 to <3	3 to <6	6 to <9											
No. of Directors	2	0	1	1											
Explanation for departure	:	Not Applicable													
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>															
Measure	:	Not Applicable													
Timeframe	:	Not Applicable													

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	:	Not Applicable

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>NRC is delegated with the responsibility of assessing and considering suitable candidates for the appointments of Board and senior management (Grade GM1 and above).</p> <p>The NRC will perform initial process of review and selection of candidates identified for appointment to the Board and senior management. The list of candidates available will be assessed to determine whether they possess the appropriate skills, competencies, experience, integrity and time to effectively discharge their role before potential candidate are recommended to the Board for approval. Besides, the diversity of the Board's composition which include, <i>inter-alia</i>, board size, gender, ethnicity, age will also be taken into consideration in the appointment process.</p> <p>Puan Nadhirah binti Abdul Karim was appointed as Independent Non-Executive Director on 1 February 2019. The NRC had reviewed and assessed her experience, skills, time commitment and expertise and was satisfied that she had fulfilled the required criteria set by the Board. Thereafter, the NRC recommended her appointment to the Board for approval.</p> <p>The Board undertook annual assessment on the composition of the Board in terms of mix of skills, experience, age, gender and competencies. The Board is satisfied with the composition and decided to maintain the Board size of eight (8) directors.</p> <p>The appointment of senior management (Grade GM1 and above) was also made with due regard for diversity in skills, experience, age and gender.</p>
Explanation for departure	:	Not Applicable

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

Measure	:	Not Applicable	
Timeframe	:	Not Applicable	

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	:	Not Applicable
Explanation for departure	:	<p>The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. Currently, the Group does not adopt any formal gender diversity policy in the selection of new Board candidates and has not formulated specific policies on setting target for female candidates in the workforce.</p> <p>The Group is an equal opportunity employer and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.</p> <p>To meet the intended outcome, the evaluation of the suitability of candidates as the new Board member or as a member of the workforce takes into account of various factors including competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group.</p> <p>Nevertheless, the issue on gender diversity had been discussed and given prominence during deliberations by the NRC and the Board. Any new proposed appointment of director of the Company in future, NRC and the Board will evaluate and match the criteria of the potential candidate to the Board by taking into consideration of the boardroom diversity.</p> <p>Following the appointment of Puan Nadhirah binti Abdul Karim on 1 February 2019 as the first woman director on the Board, it has testified to the Group's commitment on gender diversity.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Not Applicable
Timeframe	:	Not Applicable

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 has delegated the responsibility for recommending a potential candidate to fill a Board vacancy to NRC.</p> <p>The NRC will perform initial process of review and selection of candidates through various channels and avenues to identify suitably qualified candidates. Apart from internal recommendation by existing board members, management or major shareholders, the NRC is also open to referrals from external sources available before recommendation to the Board for approval.</p> <p>In evaluating the potential candidates, the NRC will assess and determine whether they possess the appropriate skills, competencies, experience, integrity and time commitment to effectively discharge their role as director. In addition, the diversity of the Board's composition which include, <i>inter-alia</i>, board size, gender, ethnicity, age will also be taken into consideration in the board appointment process. An interaction session between the NRC members and the proposed candidate will also be conducted.</p> <p>Having considered all the aspects as abovementioned and the recommendation from NRC, the Board had approved the appointment of Puan Nadhirah binti Abdul Karim as an Independent Non-Executive Director of the Company on 1 February 2019.</p>
Explanation for departure	:	Not Applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	Not Applicable
Timeframe	:	Not Applicable

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 composition of NRC comprises three (3) Independent Non-Executive Director as members and chaired by Dato' Abdul Majid bin Ahmad Khan, an Independent Non-Executive Chairman of the Board.	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	

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 NRC carried out an annual assessment to determine the effectiveness of the Board and Board Committees and the independence of the Independent Directors as per the criteria defined under the Listing Requirements of Bursa Securities.</p> <p>For the individual directors' performance, assessment parameters are based on the competencies of each Director in the areas of their contribution, performance, calibre and personality in relation to the skills and experience and other qualities they bring to the Board.</p> <p>For the Board and Board Committees, the assessment parameters included board structure, operations, roles and responsibilities, Chairman's roles and responsibilities and the effectiveness of the Board Committees.</p> <p>The annual assessment started with distributing the questionnaires to the Directors for completion. Upon completion, the Company Secretaries collate the questionnaires and presents the results of the performance assessment to the NRC for review. After discussion by NRC, the results were then presented to the Board. The deliberations of the NRC and the Board were minuted in the respective meetings.</p> <p>Based on the results of the assessment for FY2019, the Board and the NRC were satisfied with the following outcome:</p> <ul style="list-style-type: none">(i) The Board has the relevant mix of skills and experience to function effectively and it demonstrated strong commitment in discharging their duties and responsibilities;(ii) The Chairman of the Board demonstrates effective leadership; and(iii) The Independent Directors are independent and free from any business or other relationship which could interfere with the exercise of independent judgement and objective.

Explanation for departure	: Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	: Not Applicable	
Timeframe	: Not Applicable	

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>NRC with the assistance of Human Resource Department review the remuneration of Executive Directors and senior management (Grade GM1 and above) based on the following main objectives of the Company's policy on remuneration: -</p> <ul style="list-style-type: none">• to ensure remuneration package is competitive to attract and retain;• to reward for achieving corporate and individual performance targets in a fair and equitable way;• to ensure the remuneration package reflects the duties and responsibilities and includes incentives to motivate and deliver the Group's performance objectives; and• the remuneration policy and procedures must be sufficiently flexible to take account of changes in the Group's business environment and market practices. <p>The remuneration package for Executive Directors and senior management (Grade GM1 and above) comprises a fixed component (in the form of basic salary, contractual bonus and benefits-in-kind) and variable components (includes variable year-end bonus and employee share options).</p> <p>When reviewing and determining the structure of Executive Directors' remuneration, the NRC takes into consideration of performance, skills and knowledge, involvement in the Group's affairs, achievement of Group's internal targets and performance and profitability of the Group.</p>

	<p>The NRC also considers other factors such as remuneration package by peer companies, time commitment, scope of duties and responsibilities. Relevant information on Directors' remuneration from independent consultant or survey data, if available, would also be used as reference by the NRC.</p> <p>The Board as a whole recommends the proposed fees for the Independent Non-Executive Directors with the individual directors concerned abstaining from decisions in respect of their remuneration. The fees, allowance and other benefits, if any, payable to the Independent Non-Executive Directors are subject to the approval of shareholders at the Company's Annual General Meeting.</p>	
Explanation for departure	: Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	: Not Applicable	
Timeframe	: Not Applicable	

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>NRC was established with defined TOR to assist the members of NRC in discharging their duties. The composition of NRC comprises three (3) Independent Non-Executive Directors as members.</p> <p>One of NRC's duties is to assist the Board in fulfilling its fiduciary responsibilities for reviewing and making recommendations to the Board the terms of employment of and all elements of the remuneration package of the Executive Directors and senior management (Grade GM1 and above) of the Company.</p> <p>The Board was satisfied with the performance of the NRC in discharging its functions in accordance with its TOR.</p> <p>The TOR of the NRC is available on the Company's corporate website.</p>
Explanation for departure	:	Not Applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	Not Applicable
Timeframe	:	Not Applicable

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>The remuneration of the Directors for the FY2019 is set out below:</p> <p>a) The details of the Directors' remuneration (including benefits-in-kind) for each Director received/receivable from the Company during the FY2019 are as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Fees (RM)</th> <th>Salaries, Bonuses, Allowances & Other Emoluments (RM)</th> <th>Benefits-In-Kind (RM)</th> </tr> </thead> <tbody> <tr> <td colspan="4">Non-Executive Directors</td> </tr> <tr> <td>Dato' Abdul Majit bin Ahmad Khan</td> <td>43,800</td> <td>6,750</td> <td>-</td> </tr> <tr> <td>Mr Chin Sui Yin</td> <td>37,800</td> <td>6,600</td> <td>-</td> </tr> <tr> <td>Dato' Beh Hang Kong</td> <td>31,800</td> <td>3,300</td> <td>-</td> </tr> <tr> <td>Puan Nadhirah binti Abdul Karim ⁽¹⁾</td> <td>0</td> <td>0</td> <td>-</td> </tr> <tr> <td>Datuk Tan Choon Hwa ⁽²⁾</td> <td>31,800</td> <td>5,600</td> <td>-</td> </tr> <tr> <td colspan="4">Executive Directors</td> </tr> <tr> <td>Tan Sri Dato' Sri Lim Hock San</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Datuk Wira Lim Hock Guan</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Datuk Lim Lit Chek</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Mr Lim Kim Hoe</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>145,200</td> <td>22,250</td> <td>-</td> </tr> </tbody> </table>				Fees (RM)	Salaries, Bonuses, Allowances & Other Emoluments (RM)	Benefits-In-Kind (RM)	Non-Executive Directors				Dato' Abdul Majit bin Ahmad Khan	43,800	6,750	-	Mr Chin Sui Yin	37,800	6,600	-	Dato' Beh Hang Kong	31,800	3,300	-	Puan Nadhirah binti Abdul Karim ⁽¹⁾	0	0	-	Datuk Tan Choon Hwa ⁽²⁾	31,800	5,600	-	Executive Directors				Tan Sri Dato' Sri Lim Hock San	-	-	-	Datuk Wira Lim Hock Guan	-	-	-	Datuk Lim Lit Chek	-	-	-	Mr Lim Kim Hoe	-	-	-	Total	145,200	22,250	-
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b) The details of the Directors' remuneration (including benefits-in-kind) for each Director received/receivable **from the Group** during the FY2019 are as follows:

	Fees (RM)	Salaries, Bonuses, Allowances & Other Emoluments (RM)	Benefits- In-Kind (RM)
Non-Executive Directors			
Dato' Abdul Majit bin Ahmad Khan	43,800	6,750	-
Mr Chin Sui Yin	37,800	6,600	-
Dato' Beh Hang Kong	31,800	3,300	-
Puan Nadhirah binti Abdul Karim ⁽¹⁾	-	-	-
Datuk Tan Choon Hwa ⁽²⁾	31,800	5,600	-
Executive Directors			
Tan Sri Dato' Sri Lim Hock San	0	693,014	37,632
Datuk Wira Lim Hock Guan	0	481,968	56,173
Datuk Lim Lit Chek	0	940,578	74,979
Mr Lim Kim Hoe	0	658,115	59,212
Total	145,200	2,795,925	227,996

Note:

(1) Appointed on 1 February 2019

(2) Resigned on 1 February 2019

The overall remuneration packages of Independent Non-Executive Directors which consist of fees, allowance and other benefits, if any, is subject to shareholders' approval annually. The interested directors shall abstain from voting in respect of their shareholdings on the resolution relating thereto at the Company's Annual General Meeting.

Explanation for departure : Not Applicable

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

Measure : Not Applicable

Timeframe : Not Applicable

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	:	Not Applicable	
Explanation for departure	:	The Board acknowledges the recommendation of MCGG to disclose the remuneration of top five (5) senior management on a named basis in bands of RM50,000. However, the Board considered the confidential and commercial sensitivities related with Key Management remuneration matters and the highly competitive human resource environment which being involved, it is important to ensure the stability and continuity of the business operations with a competent and experienced Executive team in place.	
		At this particular juncture, the Board is of opinion that the disclosure that made on the aggregate basis as tabled in the Company's Annual Report 2019 allows shareholders and stakeholders to make an appreciable link between remuneration of Key Management and the performance of the Group.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	

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	:	Not Applicable

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	:	The Chairman of the AC is Mr Chin Sui Yin and Chairman of the Board is Dato' Abdul Majit bin Ahmad Khan. Having the positions of Board Chairman and Chairman of the AC assumed by different individuals allows the Board to objectively review the AC's findings and recommendations.	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	

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 policy on the observation of a cooling-off period of at least two (2) years for a former key audit partner before being appointed as a member of the AC has been incorporated in the TOR of the AC.</p> <p>The TOR of the AC is available on the Company's corporate website.</p> <p>None of the members of the AC are former key audit partners.</p>	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	

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 AC carries out the assessment annually to determine the suitability and independence of the external auditors including quality and performance of their audit to ensure the external auditors free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectively.</p> <p>The AC undertook review of the suitability and independence of Messrs UHY (“UHY”), the external auditors of the Company. In determining the independence of UHY, the AC reviewed various aspects of their relationships with them including the nature and amount of the non-audit services paid to UHY for the financial year ended 2019 and the corresponding fees. The review showed that the non-audit fees did not impair or threaten the audit independence of UHY as such amount is not significant as compared to the total audit fees paid to UHY. Based on the review, the AC is of the opinion that UHY is, and is perceived to be, independent for the purpose of the Group's statutory financial audit.</p> <p>To provide support for an assessment on independence, the AC has also obtained written assurance from UHY confirming 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.</p> <p>In reviewing the nomination of UHY for re-appointment for the financial year ending 31 December 2020, the AC had considered the adequacy of the resources, experience and competence of UHY. The assessment of the external auditor was conducted by completing evaluation form as guided by the Corporate Governance Guide. The assessment included inter-alia, the external auditors' quality of service, audit team, independence and objectivity, audit scope and planning, audit fees,</p>

	<p>non-audit services provided by external auditors to the Group and audit communications.</p> <p>After the review, the AC recommended to the Board the re-appointment of UHY as the External Auditors of the Company for financial year ending 31 December 2020 to be tabled to the shareholders for approval at the forthcoming Annual General Meeting.</p>	
Explanation for departure	:	Not Applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	Not Applicable
Timeframe	:	Not Applicable

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	:	Adopted
Explanation on adoption of the practice	:	<p>The AC comprises four (4) members, whom are all Independent Non-Executive Directors.</p> <p>The members of the AC are as follows:</p> <ol style="list-style-type: none">1. Mr Chin Sui Yin (Chairman)2. Dato' Abdul Majit bin Ahmad Khan (Member)3. Dato' Beh Hang Kong (Member)4. Puan Nadhirah binti Abdul Karim (Member)

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 AC are financially literate and are able to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities.</p> <p>The Chairman of the AC, Mr Chin Sui Yin is an Accountant by profession, a Fellow Member of the Association of Chartered Certified Accountants (ACCA), United Kingdom and a Member of Malaysian Institute of Accountants (MIA).</p> <p>With the vast working experience and knowledge of all the AC members, they are able to understand matters under the purview of the AC and provide sound advice to the Board.</p> <p>The training programmes and seminars attended by the AC during the FY2019 are set out in the Company's Annual Report 2019 under Corporate Governance Overview Statement section.</p>
Explanation for departure	:	Not Applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Not Applicable
Timeframe	:	Not Applicable

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 responsible for the Group's risk management framework and system of internal control. The Board, through the RMC reviews the Enterprise Risk Management Framework and processes to ensure their effectiveness and action plans are in place for the Management Team to manage the risks which are affecting the business and operations of the Group.</p> <p>Details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in the Company's Annual Report 2019.</p>	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	

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 Group's risk management apply on an enterprise-wide basis, ensuring a consistent approach across the Group and continuous evaluation. The Board entrusts the RMC, comprising the Executive Directors and a team of management, with the overall responsibility for overseeing the risk management activities of the Group, approving appropriate risk management procedures and measurement methodologies, identification and management of strategic business risks of the Group.</p> <p>The RMC is assisted by the respective business and support units responsible for the identification and management of operational risks. All key risks are captured in a risk template and reviewed by the respective business and support units. The risk template includes detailed assessment of risks as well as the mitigating controls implemented or to be implemented. All risks are consolidated and presented for deliberation during the RMC and subsequently, the reports will be presented to the AC and Board.</p> <p>New investment/joint ventures will not embark unless recommend by the RMC as well as AC before approve by the Board.</p> <p>The Board had received assurance from the Group Managing Director and Chief Executive Officer that the Group's risk management and internal control system is operating effectively in all material aspects based on the risk management framework of the Group.</p> <p>Having reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the FY2019, the Board is of the opinion that the risk management and internal control system is operating adequately and effectively</p>

Explanation for departure	: Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	: Not Applicable	
Timeframe	: Not Applicable	

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	:	Not Applicable

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 Group has outsourced its internal audit function to GovernanceAdvisory.com Sdn Bhd (“GASB”), an established external professional internal audit firm. The Internal Auditors report directly and supports the AC, and by extension, to the Board, by providing independent assurance on the effectiveness of the Group’s system of internal control.</p> <p>Annual audit plan was reviewed and approved by the AC. The Internal Audit reports from the audit engagements carried out were tabled at the AC meetings for review and deliberation. Follow-up audits were also conducted to ascertain the status of implementation of the agreed upon action plans.</p>
Explanation for departure	:	Not Applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Not Applicable
Timeframe	:	Not Applicable

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>GASB, the outsourced internal audit function is free from any relationship or conflict of interest, which could impair their objectivity and independence.</p> <p>The internal audit function of the Group assigned by GASB consists of seven (7) audit executives and led by Mr Jason Tee Wei Chung, an experienced internal auditor and has been with GASB for approximately 9 years, having joined in year 2011.</p> <p>Mr Jason Tee Wei Chung is an Associate Member of the Institute of Internal Auditors, Malaysia (IIAM). He has more than 12 years' professional experience in providing risk management system and internal controls review service.</p> <p>In performing the internal audit review, GASB refers to and is guided by The International Professional Practices Framework (IPPF) that includes the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.</p>
Explanation for departure	:	Not Applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	Not Applicable
Timeframe	:	Not Applicable

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 Company recognises the importance of effective and timely disclosure of corporate and material information to ensure that shareholders, investors and general public make informed assessments of the Company's business value and prospect.</p> <p>The various mean of communication channels in place to effectively communicate information to all the shareholders and stakeholders are as follows:</p> <p><u>Annual General Meeting ("AGM")</u></p> <p>The Company's AGM remains the principal forum for dialogue and interaction with the shareholders. The Board regards the AGM as an important channel of communication, as it serves as a forum for direct two-way interaction between the shareholders, Board and Management Team on the Company's strategy, operations, performance and major developments. Shareholders are given the opportunity to participate in the question and answer session during the AGM on the proposed resolutions and the Group's operations. The Chairman of the meeting will provide sufficient time to shareholders' questions on matters pertaining to the Company's performance and would respond to the shareholders with regards to their concern and question raised.</p> <p><u>Annual Report</u></p> <p>Annual Report act as a key channel of communication with the Group's shareholders and stakeholders contains comprehensive details of the business, financial performance, direction and other activities of the Company. These contents are continually enhanced in order that</p>

	<p>shareholders and stakeholders are provided with clear and accurate information to be discussed and participated during AGM.</p> <p><u>Corporate Website</u></p> <p>The Company's corporate website www.mgbgroup.com.my which updates periodically also provides an avenue for accessing to the latest corporate information and development of the Company.</p> <p><u>Online Social Networking</u></p> <p>By recognising broader communication, the Company has embarked on its social media journey by registered itself on Facebook to serve as an alternate channel of communication in view of better engagement with the shareholders, investors and other stakeholders. All the corporate news, events, ceremony and media release will be posted on the Facebook from time to time in order to keep the shareholders and stakeholders updated on the Group's business progress and development.</p> <p><u>Senior Independent Non-Executive Director</u></p> <p>In the event where investors and shareholders prefer to express their concern to an Independent Director of the Company, the Board has appointed Mr Chin Sui Yin, as the Senior Independent Non-Executive Director of the Company to whom the concerns pertaining to the Group may be directed to.</p>
<p>Explanation for departure</p>	<p>: Not Applicable</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>: Not Applicable</p>
<p>Timeframe</p>	<p>: Not Applicable</p>

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	:	Not Applicable	
Explanation for departure	:	Company is not a Large Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	

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 Seventeenth (17th) AGM of the Company was held on 18 June 2019 and the notice of AGM was issued together with Annual Report 2018 on 25 April 2019 to allow shareholders additional time to go through the Company's Annual Report and make necessary attendance and voting arrangements.</p> <p>The notice of 17th AGM also includes details and relevant explanatory notes to the proposed resolutions to enable the shareholders to make informed decision in exercising their voting rights.</p> <p>The notice of the AGM is accessible by the shareholders via Bursa Securities' website as well as the Company's corporate website. The said notice is also advertised in one (1) nationally circulated daily newspaper.</p>	
Explanation for departure	:	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not Applicable	
Timeframe	:	Not Applicable	

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	:	Departure
Explanation on application of the practice	:	Not Applicable
Explanation for departure	:	<p>Save for Tan Sri Dato' Sri Lim Hock San and Datuk Wira Lim Hock Guan, who were the Group Managing Director and Executive Director, were unable to attend the 17th AGM held on 18 June 2019 due to unforeseen circumstances. All the other Directors have attended the 17th AGM to engage directly with the shareholders.</p> <p>The Management Team, External Auditors, Lawyer and Company Secretary were also present during the AGM to respond to any queries raised by shareholders.</p> <p>Shareholders are encouraged to participate in the question and answer session during the AGM on the proposed resolutions and/or the Group's operations. The Chairman of the meeting provides sufficient time to shareholders' questions on matters pertaining to the Company's performance and other related matter. All questions and/or concern raised by shareholders and proxies were attended to accordingly.</p> <p>The summary of key matters discussed during the 17th AGM are published on the Company's corporate website.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Not Applicable
Timeframe	:	Not Applicable

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	:	Not Applicable
Explanation for departure	:	<p>The 17th AGM of the Company was held at Tropicana Golf & Country Resort which is located within Petaling Jaya area which is nearby to its Business and Registered Office and is easily accessible by shareholders.</p> <p>Electronic voting was adopted at 17th AGM to ensure accurate recording of votes and all resolutions was put to vote by poll in adhered to Listing Requirements of Bursa Securities.</p> <p>The Board will continue to monitor technological developments available to facilitate voting in absentia and allow remote participation by shareholders in the future.</p> <p>Alternate practice: In the event the shareholders are unable to attend the AGM, the shareholders are allowed to appoint proxy(ies) or the Chairman of the Meeting as their proxies to attend and vote in his/her stead at the AGM.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Not Applicable
Timeframe	:	Not Applicable

**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.

Not Applicable
