

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5027
COMPANY NAME : KIM LOONG RESOURCES BERHAD
FINANCIAL YEAR : JANUARY 31, 2019

OUTLINE

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO 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

Disclosure 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's pivotal role is to lead and establish the Group's vision, strategic direction, key policies and framework, including the management of the succession planning process of the Group and the appointment of key senior management. In view thereof, the Board's roles and responsibilities include but are not limited to the following:</p> <ul style="list-style-type: none">• Reviewing and approving the strategic business plan developed by Management for the Group;• Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;• Identifying and approving policies pertaining to the management of all risk categories including but not limited to, credit, financial, market, liquidity, operational, legal and reputational risks of the Group's business activities and ensure the• implementation of appropriate systems to manage these risks;• Serving as the ultimate approving authority for all significant financial expenditure;• Developing and implementing a shareholder communications policy for the Company;• Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems,• including systems for compliance with applicable laws, regulations, rules, directives and guidelines;• Approving the remuneration package of both Executive and Non-Executive Directors; and• Ensuring that the Group adheres to high standards of conducts, ethics and corporate professional behaviour. <p>The Board has delegated specific responsibilities to the following committees: -</p> <ul style="list-style-type: none">(i) Audit Committee (AC)(ii) Nominating Committee (NC)(iii) Remuneration Committee (RC)

	These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence with good corporate governance.	
Explanation for departure		
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column below</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 1.2

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

Application	: Applied
Explanation on application of the practice	<p>The Executive Chairman is responsible for ensuring Board effectiveness and conduct. He ensures the integrity and effectiveness of the governance process of the Board and acts as a facilitator at Board meetings. Every Board resolution is put to a vote, if necessary, which would reflect the collective decision of the Board and not individuals or an interest group. He also maintains regular dialogues/meetings with the Managing Director/Head of business units on all operational matters.</p> <p>The Company's Chairman is an Executive Director and there are three (3) Independent Non-Executive Directors out of seven (7) board members (excluding the two (2) Alternate Directors).</p> <p>The Nominating Committee has assessed, reviewed and determined that the chairmanship of Mr. Gooi Seong Lim remains based on the following justifications/aspects contributed by him, as a member of the Board -</p> <ul style="list-style-type: none">▪ He has acted and will continue to act in the best interest of shareholders as a whole. Since the Chairman represents shareholders with a substantial interest in the Company, he is well placed to act on behalf of the shareholders and in their best interests;▪ His vast experience in managing the operations of the Group's business activities would enable him to provide the Board with a diverse set of experience, expertise and skills to better manage and run the Group;▪ He has exercised his due care in the interest of the Company and shareholders during his tenure as an Executive Chairman of the Company;▪ He has provided objectivity in decision making and ensured effective check and balance in the proceedings of the Board; and▪ He has shown tremendous commitment and played an integral role in stewardship. <p>Under the code, it recommends that at least half of the Board of Directors comprises independent directors. As of now, the Board is of the opinion that it should not urgently increase independent directors to form at least half of the Board composition because the current number of independent directors are sufficient to ensure effective check and balance of power and authority on the Board.</p>

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

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and responsibilities of the Executive Chairman and the Managing Director are held by two different individuals to exercise clearly separated to enable a balance of power and authority. This is in line with the recommendation of the Code, which requires the Board to establish clear functions reserved for the Board and those delegated to the management.</p> <p>The Board is led by Mr Gooi Seong Lim, as the Executive Chairman, whilst the executive management is helmed by Mr Gooi Seong Heen, the Managing Director of the Group. Both have many years of experience in managing the Group's core businesses.</p> <p>The Executive Chairman is responsible for ensuring Board effectiveness and conduct. He ensures the integrity and effectiveness of the governance process of the Board and acts as a facilitator at Board meetings. Every Board resolution is put to a vote, if necessary, which would reflect the collective decision of the Board and not individuals or an interest group. He also maintains regular dialogues/meetings with the Managing Director/Head of business units on all operational matters.</p> <p>The Managing Director has the overall responsibility for the profitability and development of the Group. He is responsible for the stewardship of all the Group's assets, day-to-day running of the business and effective implementation of Board decisions, annual operating plan, budget, policies decisions as approved by the Board. The Managing Director's in-depth and intimate knowledge of the Group's affairs contribute significantly towards the ability of the Group to achieve its goals and objectives.</p> <p>The segregation of duties between the Executive Chairman and the Managing Director facilitates an appropriate balance of role, responsibility and accountability and promotes appropriate supervision of the management.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by three (3) qualified Companies Secretaries who are members of professional bodies such as the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) or the Malaysian Association of Company Secretaries (MACS) and are qualified to act as company secretary under Section 235(2)(a) of the Companies Act, 2016.</p> <p>The Company Secretaries are external Company Secretary from Tacs Corporate Services Sdn. Bhd. with vast knowledge and experience from being in public practice and are supported by a dedicated team of company secretarial personnel.</p> <p>The Company Secretaries are entrusted to record the Board's and their Committees deliberations, in terms of issues discussed, and the conclusions and the minutes of the previous Board meeting are distributed to the Directors prior to the Board meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. The Directors may comment or request clarification before the minutes are tabled for confirmation and signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.</p> <p>All Directors have direct access to the advice and services of the Company Secretaries whether as a full Board or in their individual capacity, in discharging their duties.</p> <p>The Board is regularly updated and advised by the Company Secretaries on new changes to the legislations and Listing Requirements and the resultant implications to the Company and the Board in discharging their duties and responsibilities.</p> <p>The appointment and removal of the Company Secretaries is a matter for the Board as a whole. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of their functions.</p>
Explanation for departure	:	

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

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>All Directors are provided with an agenda and a set of comprehensive Board papers at least 7 days before the meeting. These are issued within sufficient time prior to Board meetings to ensure that the Directors can appreciate the issues to be deliberated on, and where necessary, to obtain further explanation. The Board papers include updates on financial, operational and corporate developments of the Group. Board papers are also presented with details on other issues that may require the Board's deliberation or decisions, policies, strategic issues which may affect the Group's businesses and factors imposing potential risks affecting the performance of the Group. Senior management staff and external advisors may be invited to attend Board meetings, to advise and provide the Board with detailed explanations and clarifications whenever necessary on matters that are tabled.</p> <p>The Board papers prepared for the quarterly scheduled meetings include, among others, the following:</p> <ul style="list-style-type: none"> ▪ Minutes of previous Board meeting ▪ Minutes of the Board Committee's meeting ▪ Reports on matters arising ▪ Quarterly financial report ▪ Report on operations <p>Other matters highlighted for the Board's decision include the approval of corporate plans, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.</p>
Explanation for departure	:	
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column below</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management. There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

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

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

Application	Applied
<p>Explanation on application of the practice</p>	<p>The Board has formalised and adopted a Board Corporate Governance Manual ("Board CG Manual) which provides guidance to the Board in fulfilment of its roles, functions duties and responsibilities. The Board will review the Board CG Manual as and when required to ensure relevance and compliance with the regulations. Extracts of the Board CG Manual is now available at the Company's website at www.kimloong.com.my. The Board CG Manual is the primary document that elucidates on the governance of the Board, Board Committees and individual Directors</p> <p>The Board CG Manual sets out the role, functions, composition, operation and processes of the Board to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board CG Manual also acts as a source of reference and primary induction literature in providing insights to Board members and senior management.</p> <p>The Board CG Manual, covers amongst others, the following matters:</p> <ul style="list-style-type: none"> ▪ Policies on CSR, Gender Equality and Sustainable ▪ Board Charter ▪ Role, Responsibilities and Power of the Board, Individual Directors, Chairman & Managing Director ▪ Role of Board Committees ▪ Role of Company Secretary ▪ Board & General Meetings ▪ Corporate Disclosure Policy ▪ Whistle-blowing Policy ▪ Code of Ethics and Conduct ▪ Corporate Integrity Policy - Anti Fraud Policy ▪ Risk Management Policy ▪ Investors Relations Policy <p>This Board CG Manual will be regularly reviewed and periodically and updated in accordance with the needs of the Company and any new regulations. Any amendments to the Board CG Manual shall be approved</p>

	by the Board. The Board CG Manual was adopted on 17 May 2018. Extract of the Board CG Manual is available on the Company's website at www.kimloong.com.my .	
Explanation for departure		
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column 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>Covered in the Board CG Manual</p> <p>Conflict of Interest and Related Party Transactions The Directors are responsible at all times to determine whether they have a potential or actual conflict of interest in relation to any matter, which comes before the Board. All Directors are required to make declarations on whether they have any interest in transactions tabled at Board meetings. The Directors acknowledged that they have to declare any interest they have in the Company and its subsidiaries and abstained from the deliberation and voting on the related resolutions at the Board or any general meetings convened to consider the matter. In the event that a corporate proposal is required to be approved by shareholders, interested directors will abstain from voting in respect of their shareholdings in Kim Loong Resources Berhad on the resolution related to the corporate proposal, and will further ensure that persons related to them also refrain from voting on the resolution.</p> <p>Related Party Transactions Directors recognise that they have to declare their respective interests in transactions with the Company and with the Group, and abstain from deliberation and voting on the relevant resolution in respect of such transactions at the Board or at any general meetings convened to consider the matter. The Company has an internal framework to ensure it complies with the related party transactions as prescribed in the Listing Requirements. The related party transactions are recorded and presented to the Audit Committee on a quarterly basis for review and discussion should any concern arise. All related party transactions are reviewed as part of the annual internal audit plan, and the Audit Committee reviews any related party transactions and conflict of interest situation that may arise within the Group including any transactions, procedure or course of conduct that causes questions of management integrity to arise.</p>

	Insider Trading Directors and senior management are prohibited from dealing in securities if they have knowledge of any price-sensitive information which has not been publicly disclosed in accordance with the Listing Requirements and the relevant regulatory provisions.	
Explanation for departure	:	
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column below</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	As part of best practices in good corporate governance, a Whistleblowing Policy has been established by the Board since 2014 that outlines the principles underpinning the grievance procedure. This procedure provides an avenue for employees to report genuine concerns about malpractices, unethical behaviour or misconduct with the Group without fear of reprisal. Identity of the employee concerned will not be disclosed. Any concerns raised will be investigated and outcome of such investigation will be reported to the Board and appropriate action will be taken to resolve the issue. Details of the whistle-blowing channel are available on the Company's website at www.kimloong.com.my
Explanation for departure	:	
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column below</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Independent Directors and balance of power The Board comprises 9 members, out of which 4 are Executive Directors, 3 Independent Non-Executive Directors and 2 Alternate Directors. The Board is of the opinion that current number of Independent Directors are sufficient to ensure check and balance of power and authority on the Board. The Board is satisfied with the Board's composition in respect of representation of minority shareholders and effective oversight of management by the Independent Non-Executive Directors.
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column below</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Tenure of Independent Director</p> <p>The Nominating Committee and the Board have deliberated on the recommendation and hold the view that the ability of an Independent Director to exercise independent judgement is not affected by the length of his service as an Independent Director. The suitability and ability of Independent Director to carry out his roles and responsibilities effectively are very much a function of his calibre, experience and personal qualities. Restriction on tenure may cause loss of experience and expertise that are important contributors to the efficient working of the Board.</p> <p>Both the Nominating Committee and the Board have assessed the independence of Mr. Gan Kim Guan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, and recommended him to be retained as the Independent Non-Executive Director of the Company based on the following justifications:-</p> <ul style="list-style-type: none">(a) He has fulfilled the criteria under the definition of an Independent Director as stated in the Listing Requirements, and thus, he would be able to provide independent judgement, objectivity and check and balance to the Board;(b) He performs his duties and responsibilities diligently and in the best interests of the Company without being subject to influence of the management;(c) His in-depth knowledge of the Group's businesses and his extensive knowledge, commitment and expertise continue to provide invaluable contributions to the Board;(d) He, having been with the Company for more than 12 years, is familiar with the Group's business operations and has devoted sufficient time and attention to his professional obligations and

	<p>attended the Board and Committee meetings for an informed and balanced decision making;</p> <p>(e) He is independent as he has shown great integrity and he has not entered into any related party transaction with the Group; and</p> <p>(f) He is currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Group.</p> <p>Both the Nominating Committee and the Board also recognise the benefits of the experience, valuable insights, expertise and stability brought by Mr Gan Kim Guan and his continued service will serve the interest of the Company and its shareholders.</p> <p>The Board is unanimous in its opinion that Mr Gan Kim Guan, who has served on the Board as an Independent Director, exceeding a cumulative term of twelve (12) years, continues to fulfill the criteria and definition of an Independent Director as set out under Paragraph 1.01 of Listing Requirements.</p> <p>In this respect, the Board has approved the continuation of Mr Gan Kim Guan as an Independent Director of the Company. The Board believes that it is in the best position to identify, evaluate and determine whether any Independent Director can continue acting in the best interests of the Company and bringing independent and professional judgement to board deliberations. Accordingly the Board strongly recommends retaining Mr Gan Kim Guan as Independent Non-Executive Director and will be tabling an Ordinary Resolution to shareholders at the 2019 AGM for the said purpose. Shareholders' approval for the Ordinary Resolution will be sought on a single tier voting basis</p> <p>Shareholders approval for retention of Independent Director</p> <p>The Board takes cognizance of the recommendation of the Code regarding tenure of Independent Directors but will seek approval of the shareholders through a single tier voting process for retention of Independent Director who has served for a cumulative term of more than twelve (12) years.</p> <p>This is in line with the general rule on voting as provided in the Companies Act, 2016 which states that every shareholder has one vote for every share he holds and resolutions are to be decided by a simple majority for ordinary resolutions and 75% of votes for special resolutions through a single tier voting process.</p>
<p><i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column below</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

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 is committed to ensure that there is diversity in its composition and embraces the proposition that having a diverse Board would have a positive, value adding impact to the Company.</p> <p>While the board acknowledge the importance of boardroom and senior management diversity, appointment to the Board and senior management position shall always be based on objective criteria and merit, having regards for diversity in business experience, skills, qualifications, integrity, knowledge and soft skills that are essential element in supporting the attainment of the Company's objective.</p> <p>The Company practices equal employment opportunities for all qualified individual to create a workforce that is fair and inclusive and seeks to retain and attract the most suitable person to do the job.</p> <p>We reward and promote employee based on individual performance, capability and potential.</p> <p>.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column 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 4.5

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 acknowledges the importance of boardroom diversity policy and target by the Code. When appointing a Director, the Nominating Committee and the Board will always evaluate and match the criteria of the candidate to the Board based on individual merits, experience, skill, competency, knowledge and potential contribution, whilst the Code will also be given due consideration for boardroom diversity.</p> <hr/> <p>The Company does not set any specific target for boardroom diversity and female representation will be considered when suitable candidates are identified.</p> <p>During employee recruitment process, the Company ensures diversity in its management level by having female representation at the management level which could potentially be a pipeline for future candidates to be appointed as Director or Senior Management.</p>
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column 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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Currently the selection of candidates to be considered as directors are based on the existing networks and recommendations from the Directors, Management and major shareholders through a selection process facilitated by the Nominating Committee.</p> <p>The director appointment process is based on meritocracy in sourcing high calibre directors with a sound undertaking of the business.</p> <p>The Board is of the opinion that recommendation from existing board members and major shareholder are good for the time being. The potential candidates go through a selection process facilitated by the Nominating Committee before they can be considered as Directors.</p> <p>The Nominating Committee will assess directorship suitability based on the following criteria:</p> <ul style="list-style-type: none">• Qualification/knowledge• Character/integrity• Skill/expertise/ competence• Experience• Professionalism• Time commitment• Board diversity <p>Internal promotion of Senior Management as director is also looked into as career advancement for them.</p>

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

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	:	<p>The Chair of the Nominating Committee is held by the Senior Independent Director, Mr Gan Kim Guan.</p> <p>The Nominating Committee currently comprises three Independent Directors. The Terms of Reference of the Nominating Committee is available on the Company's website at www.kimloong.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column 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	:	The annual assessment on the board, its committees and each individual director was carried out internally using self-evaluation forms extracted from the Corporate Governance Guide issued by Bursa Malaysia. The results of the duly completed self-evaluation forms received from the Directors and Audit Committee members were tabled to the Nominating Committee for consideration. The Nominating Committee is satisfied that the Board has a good mix of skills, experience and qualities and each of the Directors has the professionalism, competence, experience, time commitment, integrity and character to effectively discharge their role as a Director. The Nominating Committee is also satisfied with the performance of the Audit Committee and each of Audit Committee members who have carried out their duties in accordance with the Terms of Reference of the Audit Committee. The results from the Nominating Committee were reported to the Board.
Explanation for departure	:	
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column below</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	The remuneration policy of the Company is based on the philosophy to enable the Company to attract and retain Directors and Senior Management of calibre and relevant experience and expertise to manage the Group successfully. For an Executive Director and Senior Management, the remuneration will depend on the achievement of goals including targets and personal achievement and is linked to Group and individual performance. In the case of a Non-Executive Director, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned. All Independent Non-Executive Directors are paid Director's fees for serving as Directors on the Board and its Committees. The Company also reimburses reasonable expenses incurred by these Directors in the course of their duties
Explanation for departure	:	
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column 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>a. The level and make up of Remuneration</p> <p>The remuneration package of the Executive Directors and Senior Management is reviewed by the Remuneration Committee for consideration of the Board.</p> <p>The remuneration of all Non-Executive Directors is reviewed by the Board, based on their experience and expertise and the level of responsibilities of the Directors concerned as well as the condition of the industry.</p> <p>b. Procedure</p> <p>The Remuneration Committee recommends to the Board the remuneration package of the Executive Directors and Senior Management. The Executive Directors do not participate in decisions regarding their own remuneration packages. The Board as a whole determines the remunerations of Non-Executive Directors with individual Directors abstaining from making decisions in respect of their individual remunerations. The Directors' fees and meeting allowance are approved at the AGM by shareholders.</p> <p>The Terms of Reference of the Remuneration Committee is available on the Company website at www.kimloong.com.my.</p>
Explanation for departure :	
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column 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 :	Disclosure A summary of the remuneration of the Directors of the Company and the Group for the year ended 31 January 2019, distinguishing between Executive and Non-Executive Directors, with categorisation into appropriate components is set out as below:

Group	Directors' Fees RM	Basic Salary RM	Bonus RM	Benefit-in-kind RM	Other Benefits RM	Meeting Attendance Allowance RM	Total RM
Gooi Seong Lim (Executive Chairman)	80,500	840,000	726,000	7,000	221,537	6,500	1,881,537
Gooi Seong Heen (Managing Director)	80,500	936,000	822,000	31,946	249,376	9,250	2,129,072
Gooi Seong Chneh (Executive Director)	80,500	840,000	726,000	7,000	221,537	9,750	1,884,787
Gooi Seong Gum (Executive Director)	80,500	840,000	726,000	24,400	221,537	8,250	1,900,687
Gan Kim Guan (Senior Independent Non-Executive Director)	100,000	-	-	-	-	2,500	102,500
Chan Weng Hoong (Independent Non-Executive Director)	94,000	-	-	-	-	2,000	96,000
Cheang Kwan Chow (Independent Non-Executive Director)	94,000	-	-	-	-	2,500	96,500
TOTAL	610,000	3,456,000	3,000,000	70,346	913,987	40,750	8,091,083

Company	Directors' Fees RM	Basic Salary RM	Bonus RM	Benefit-in-kind RM	Other benefits RM	Meeting Attendance Allowance RM	Total RM
Gooi Seong Lim (Executive Chairman)	-	480,000	480,000	7,000	139,793	2,500	1,109,293
Gooi Seong Heen (Managing Director)	-	576,000	576,000	31,946	167,632	2,000	1,353,578
Gooi Seong Chneh (Executive Director)	-	480,000	480,000	7,000	139,793	2,500	1,109,293
Gooi Seong Gum (Executive Director)	-	480,000	480,000	24,400	139,793	2,000	1,126,193
Gan Kim Guan (Senior Independent Non-Executive Director)	100,000	-	-	-	-	2,500	102,500
Chan Weng Hoong (Independent Non-Executive Director)	94,000	-	-	-	-	2,000	96,000
Cheang Kwan Chow (Independent Non-Executive Director)	94,000	-	-	-	-	2,500	96,500
TOTAL	288,000	2,016,000	2,016,000	70,346	587,011	16,000	4,993,357

Explanation :	for departure	
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column 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 Company has an existing policy whereby the remuneration of employees is classified as confidential.</p> <p>The remuneration details for senior management are not disclosed as the Board is of the view that it would not be in the best interest of the Company to disclose the details given the competitiveness in the market for good senior management. It could also possibly give rise to unnecessary staff rivalry and disillusionment.</p> <p>The performance of senior management is evaluated on an annual basis and measured against pre-determined targets including responsibilities. The Board will ensure that the remuneration for senior management is appropriately commensurate with their performance, in order to attract, retain and motivate them to contribute positively towards the Group's performance.</p>
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column 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 Chairman of the Audit Committee is the Senior Independent Non-Executive Director.</p> <p>Members of the Audit Committee, including the Chairman were appointed by the Board based on the recommendation by the Nominating Committee.</p> <p>The Terms of Reference of the Audit Committee is available at the Company's website at www.kimloong.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column 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>Since the formation of the Audit Committee, the Board has never appointed any former key audit partner as it Audit Committee member.</p> <p>The Board will observe a cooling-off period of at least two years in the event any potential candidate to be appointed as a member to the Audit Committee was a key audit partner.</p>
Explanation for departure	:	
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column 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 Board through the establishment of the Audit Committee, has established a good working relationship with its External Auditors i.e., Messrs Ernst & Young. The Group also maintains a transparent and professional relationship with its External Auditors in seeking professional advice and ensuring compliance with the applicable Financial Reporting Standards in Malaysia. Messrs Ernst & Young report to the shareholders of the Company on their opinion which are included as part of the Group's Annual Report with respect to their audit on each year's statutory financial statements. The Company's External Auditors are appointed every year during the AGM.</p> <p>The External Auditors are invited to attend the Audit Committee meetings and AGM and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report.</p> <p>The Board has adopted a procedure in relation to the provision of non-audit services by the Company's External Auditors to ensure that it is not in conflict with the role of the External Auditors or their independence. The External Auditors are required to declare their independence annually.</p> <p>The Audit Committee is responsible to review all the non-audit services provided by the External Auditors and the aggregate amount of fees paid to them. Details of the amounts paid to the External Auditors for non-audit services performed during the year are set out in the Additional Compliance Information of this Annual Report.</p> <p>The Audit Committee is also aware of the recommendation of the Code to have policies and procedures in place to assess the suitability and independence of External Auditors. Considering the expertise and existing business knowledge of the current External Auditors and the location of the Company and its subsidiaries, the Audit Committee is of the opinion that the current External Auditors are still suitable for re-appointment. While assessing the independence of the External Auditors, the Audit Committee is satisfied and agreed with the representation by the External Auditors in their Audit Planning Memorandum for the audit of the financial year ended 31 January 2019,</p>

	<p>that they are independent in accordance with the By-laws (on Professional Ethics, Conduct and Practise) of the Malaysian Institute of Accountants. Furthermore, during the financial year ended 31 January 2019, the External Auditors were not engaged for any other significant services other than the statutory audit.</p> <p>The Board is satisfied based on advice from the Audit Committee that the provision of the non-audit services does not in any way compromise on their independence. In addition, the Audit Committee has obtained a written assurance from the External Auditors 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>	
Explanation for departure		
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column below</i>		
Measure		
Timeframe		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 (Step Up)

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	As at the date of this report, the Audit Committee comprises three members, all of whom are Independent Non-Executive Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee possesses a wide range of necessary skills to discharge its duties in accordance with the Terms of Reference of the Audit Committee. All members are financially literate and are able to understand matters under the preview of the Audit Committee including the financial reporting process.</p> <p>The qualification and experience of the Audit Committee Members are disclosed in the Board of Directors profile portion of the Annual Report.</p> <p>The Audit Committee is always kept abreast of relevant developments in accounting and auditing standards, practices and rules by the Finance Director, Internal Auditors and External Auditors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column 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>Risk Management Framework</p> <p>The Board recognises that risk management is an integral part of the Group's business operations and is important for the achievement of its business objectives. The Group has established a Risk Management and Sustainability Committee ("RMSC") that is chaired by the Managing Director and its members comprise the Executive Directors, Heads of Divisions & Departments and staff from key operations. They have also been trained to identify the risks relating to their areas; the likelihood of these risks occurring; the consequences if they do occur; and the actions being and/or to be taken to manage these risks to the desired level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register.</p> <p>The risk registers are eventually compiled to form the Group Risk Profile for reporting to the RMSC and the Audit Committee.</p> <p>Ongoing risk management education and training is provided at Management and staff level by members of the RMSC.</p> <p>Internal Control</p> <p>The Board acknowledges that it is responsible for the Group's system of internal controls which is to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. It involves key management of each business unit to meet the Group's particular needs, manage risks to which it is exposed, the effective and efficient conduct of operations, financial controls and compliance with laws and regulations as well as with internal procedures and guidelines to provide reasonable but not absolute assurance against misstatement or loss.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column 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 Management periodically reviews the existing risks identified in the Risk Profile. A system is also in place to identify new risks which may arise over time and circumstances. The results of and the recommendations arising from these reviews are tabled to the Risk Management and Sustainability Committee and the Risk Profile updated. The updated Risk Profile will then be presented to the Board.</p> <p>The features of the Company's risk management and internal control framework and the adequacy and effectiveness of this framework are described in the Statement on Risk Management and Internal Control found on pages 63 to 70 of the Annual Report 2019.</p> <p>The Statement on Risk Management and Internal Control has been reviewed by Ernst & Young, the External Auditors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column 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 Group's internal audit function adopts a co-sourcing model whereby risk management, and specialised audits are performed by the Internal Audit Department of the Company's holding company, Sharikat Kim Loong Sendirian Berhad which acts independently from the activities and operations of the Group.</p> <p>With effect from 1 January 2019, as part of the business rationalisation process, the Internal Audit team of the holding company was transferred to the Company and all function previously done by the Group Internal Audit is now being performed the Company itself. The internal audit team reports to the Head of Internal Audit and the Audit Committee.</p> <p>KPMG Management & Risk Consulting Sdn Bhd a professional services firm has been appointed to perform risk based internal audit where the results were directly reported to the Audit Committee.</p> <p>The main purpose of the Internal Auditors are:</p> <ul style="list-style-type: none">▪ To review effectiveness of the Group's systems of internal controls.▪ Assist in reviewing the adequacy, integrity and effectiveness of the Company's internal control system for the Board as well as to assist in drafting the Statement of Risk Management and Internal Control in the Annual Report;▪ Support the Audit Committee in evaluating the effectiveness of the existing internal control system, identify future requirements and co-develop a prioritized action plan to further enhance the internal control system;▪ Identify the key business processes within the Group and Company that Internal Audit should focus on;▪ Allocate necessary resources to selected areas of audit in order to provide management and the Audit Committee an effective and efficient level of internal audit coverage; and▪ Coordinate risk identification and risk management processes and activities. <p>The Internal Auditors adopt a risk based auditing approach by focusing on identified high risk areas for compliance with control policies and procedures, identifying business risk which have not been appropriately addressed and evaluating the adequacy and integrity of controls and statutory requirements. Submission of the audit results to the Management and the Audit Committee would ensure that the</p>

	<p>Management is compliant with the internal control systems and implementing continuous improvement.</p> <p>During the financial year under review, the Internal Auditors carried out periodic internal audit reviews in accordance with the approved internal audit plan to monitor compliance with the Group’s procedures and to review the adequacy and effectiveness of the Group’s system of risk management and internal control. The results of these reviews have been presented to the Audit Committee at their scheduled meetings. Follow up reviews were also conducted to ensure that the recommendations for improvement have been implemented by Management on a timely basis.</p> <p>The Internal Auditors communicate regularly and report directly to the Audit Committee on their activities based on the approved Annual Internal Audit Plan to ensure their independent status within the Group. The Internal Auditors are also invited to attend all meetings of the Audit Committee.</p> <p>The Internal Auditors assisted the Audit Committee in discharging its duties and responsibilities with respect to adequacy and integrity of internal control within the Group. The Internal Auditors undertook the following activities in accordance with the approved Audit Plan:</p> <ol style="list-style-type: none"> i. Carrying out the internal auditing of the Group subsidiaries. ii. Facilitating the improvement of business processes within the Group. iii. Establishing a follow up process in monitoring the implementation of audit recommendation by Management. iv. Monitoring the effectiveness of the Group’s risk management systems by reviewing the implementation of the risk assessment action plans by Management. v. Conducting investigation audits or special assignment from time to time as requested by Management. <p>Performance appraisal of the Internal audit members was conducted by the Head of Internal Audit and was reviewed by the Executive Directors of the Board. The Audit Committee has also reviewed the performance of the Heads of Internal Audit and was generally satisfied with the performance of the Internal audit function.</p>
Explanation for departure	:
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column below</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	: Applied
Explanation on application of the practice	<p>The Group's internal audit function adopts a co-sourcing model whereby risk management, and specialised audits are performed by the Internal Audit Department of the Company's holding company, Sharikat Kim Loong Sendirian Berhad which acts independently from the activities and operations of the Group.</p> <p>With effect from 1 January 2019, as part of the business rationalisation process, the Internal Audit team of the holding company was transferred to the Company and all function previously done by the Group Internal Audit is now being performed the Company itself. The internal audit team reports to the Head of Internal Audit and the Audit Committee.</p> <p>KPMG Management & Risk Consulting Sdn Bhd a professional services firm has been appointed to perform risk based internal audit where the results were directly reported to the Audit Committee.</p> <p>The out-sourced Internal Audit function is headed by Mohd Khaidzir Shahari, an Executive Director of KPMG Management & Risk Consulting Sdn Bhd. He has vast experience in internal auditing, consulting and risk management.</p> <p>The Internal Audit Department of Sharikat Kim Loong Sendirian Berhad is managed by S Subhash Chandran a/l K Sekaran Nair who is responsible for the Internal Audit's activities of the Group. With effect from 1 January 2019, he has been transferred to the Internal Audit Department of the Company. He has a Masters in Business Administration and is an Associate Member of the Institute of Internal Auditors of Malaysia. The Head of Internal Audit communicates with the Audit Committee on internal audit's resource requirement and staff's proficiency to optimize audit's approved plan.</p> <p>The internal audit activities must be independent and internal auditors must be objective in performing their work to avoid any impairment.</p>

	The internal audit functions performed was guided by the International Standards for the Professional Practice of Internal Auditing outlining the internal auditing process, Code of Ethics and Standards.	
Explanation for departure		
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column 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 Company recognizes the importance of effective communication with its shareholders and investors.</p> <p>Various channels are used by the Board to disseminate information on major corporate developments and events. They include:</p> <ul style="list-style-type: none"> - Annual General Meetings; - Various disclosures and announcements made to Bursa Malaysia Securities Berhad; - Press release and press statements; - Circular to shareholders; - Company website at www.kimloong.com.my <p>Further the investing community, comprising individuals, analysts, fund managers and other stakeholders, dialogues with the Company's representatives on a regular basis.</p> <p>This enables the investors to get a balanced understanding of the main issues and concerns affecting the Company. Discussions at such meetings and dialogues are restricted to matters that are in the public domain.</p> <p>Whilst the Company endeavours to provide as much information as possible to its stakeholders, it is also conscious of the legal and regulatory framework governing the release of material and price sensitive information within which it must abide.</p>
Explanation for departure	:	
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column below</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Not applicable as the Company is not a Large Company as defined in the Code.
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column 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	:	Since 2016, it has been the practice of the Company to give more than 28 days' notice to its shareholders before its Annual General Meeting is held.
Explanation for departure	:	
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column 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>It has been the practice of the Company that all Directors be present at its Annual General Meetings. As this is a forum for shareholder engagement, the Chairman encourages shareholders present to raise their concerns and depending on the topic asked, will either answer the question himself or direct it to any of the Directors present and is more suited to address the issue.</p> <p>Key Management Personnel are present at the Annual General Meeting. They too assist to provide response to queries raised.</p> <p>The Notice of Annual General Meeting also sets out clearly the resolutions which will be tabled and provides explanatory notes to assist shareholders make informed decisions.</p>
Explanation for departure	:	
<i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column 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–

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company's Annual General Meetings have always been held at easily accessible venues for the convenience of the shareholders. The Company has no intention to hold its Annual General Meetings in remote locations in the future.</p> <p>The Company will explore the suitability and feasibility of employing electronics means for poll voting.</p> <hr/> <p>The forthcoming 44th AGM will be held at the Amari Hotel, Johor Bahru.</p> <p>Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his or her stead at a general meeting.</p> <p>The Company had conducted poll voting at the 43rd AGM held on 25 July 2018 for all resolutions as set out in the notice of the AGM. The poll results of each resolution were announced to Bursa Malaysia Securities Berhad after the AGM via Bursa LINK on the same day.</p>
<p><i>Large companies are required to complete the column below. Non-large companies are encouraged to complete the column below</i></p>		
Measure	:	
Timeframe	:	