

CORPORATE GOVERNANCE REPORT

STOCK CODE : 9261
COMPANY NAME : GADANG HOLDINGS BERHAD
FINANCIAL YEAR : May 31, 2021

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 is collectively responsible for the proper stewardship of the Group's business and the creation of long-term value of the Company and its Group to its shareholders and other stakeholders. The Board is the ultimate decision-making body of the Group with the exception of matters requiring shareholders' approval. It sets strategic direction and vision of the Group. The Board takes full responsibility in leading, guiding and monitoring the entire performance of the Group and enforces standards of accountability, all with a view to enabling Management to execute its responsibilities effectively.</p> <p>The Board assumes, amongst others, the following principal responsibilities:-</p> <p><i>a. Reviewing and adopting the strategic plans for the Group</i></p> <p>The Board plays an active role in the formulation and development of the strategic planning process by bringing objectivity, experience and breadth of judgment to ensure that the strategic plan for the Group supports long-term value creation. The plan also includes economic, environmental, safety & health, social and governance initiatives underpinning sustainability.</p> <p>The Board reviews, provides input and monitors the Group's strategic plan which includes addressing the Group's business strategies on growth, operations, cost management, risk management, sustainability and setting of financial goals.</p> <p>At least one board meeting each year (before the start of the new financial year) is scheduled to deliberate on the Group's Business Plan for implementation in the forthcoming year. Once the Group Business Plan has been approved for execution by the Management, the financial performance and progress of strategies employed by each division are then monitored and supervised by the Board.</p>

b. *Overseeing the conduct of Group's business*

The Board oversees the performance of Management to determine whether the business is being properly managed. The Board must ensure that there are measures in place against which Management's performance can be assessed.

The Board's responsibilities also include reviewing, assessing and approving investment and capital expenditure proposals by the Management and monitoring the implementation of the strategic plan by the Management. The Board will deliberate on all proposals presented and recommended by Management, including those proposed by its Board Committees.

c. *Identifying principal risks and ensuring the implementation of appropriate internal control systems to manage the identified risks.*

With the assistance of the Risk Management Committee and Board Risk Committee, the overall risk profile of the Group and risk mitigation strategies are reviewed on a quarterly basis.

d. *Succession planning, including ensuring that processes are in place to recruit senior management with the highest standards of integrity and competence, and to train, develop and retain them.*

The Board through the Nomination & Remuneration Committee ("NRC"), is responsible in ensuring that there is an orderly succession plan within the Group. The NRC oversees matters related to the nomination of new Directors and Senior Management, annually reviews the required mix of skills, experience and other requisite qualities of Directors and Senior Management, as well as undertakes the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director.

e. *Reviewing the adequacy and integrity of the management information and internal control systems of the Group*

Internal control systems throughout the Group are evaluated and monitored by the Group Internal Audit (GIA), which reports directly to the Audit Committee ("AC"). GIA has the authority to audit any division or subsidiary of the Company and to review projects and systems at any time and report its findings directly to the AC. Significant findings from the audit reports are highlighted and deliberated at the AC meetings. AC reviews the adequacy, effectiveness and integrity of the internal control systems to ensure the implementation of appropriate internal control systems, supported by reports from the GIA and the annual review by the external auditor.

The AC also assists the Board to oversee the Group's financial reporting processes and the integrity of its financial reporting to ensure that the financial statements of the Company give a true and fair view of the state of affairs of the Company.

	<p><i>f. Overseeing the development and implementation of a shareholder and stakeholder communications policy for the Company</i></p> <p>The Company has an Investor Relations policy which is applicable to the Board and all employees of the Group, in handling and disclosing material information to the shareholders and the investing public.</p> <p>The Company also has a website for its shareholders with regularly updated information.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

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 Independent Non-Executive Chairman, Tan Sri Dato' Seri Dr Mohamed Ismail Bin Merican, is responsible for instilling good corporate governance practice, leadership and effectiveness of the Board.</p> <p>As provided under the Company's Board Charter, the Chairman will:</p> <ul style="list-style-type: none"> • monitor the workings of the Board, especially the conduct of Board meetings; • ensure that all relevant issues for the effective running of the Company's business are on the agenda; • ensure that quality information to facilitate decision-making is delivered to board members on a timely basis; • encourage all directors to play an active role in board activities; and • managing the interface between the board and management. <p>During Board Meetings, the Chairman leads the discussion, allowing sufficient time for deliberations on key issues and complex matters. He also encourages active participation and allows views including dissent to be freely expressed.</p> <p>The Chairman also plays a key role in the conduct of the general meetings. Besides ensuring the proper flow of resolutions tabled at the meeting, he manages the communication on the floor. He further encourages active participation from shareholders and allows sufficient amount of time during the questions and answers session.</p>
Explanation for departure	:	
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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 of the Chairman and Managing Director (“MD”)/CEO which are separate and clearly defined are provided in the Board Charter and is available on the Company’s website.</p> <p>The positions of the Chairman and MD/CEO are held by two different individuals. The Chairman, Tan Sri Dato’ Seri Dr Mohamed Ismail Bin Merican, leads the Board and is responsible for ensuring its effectiveness. The MD/CEO, Tan Sri Dato’ Kok Onn, is responsible for the day-to-day running of the business, satisfactory execution of the policies and decision-making on operational matters.</p> <p>The clear division of responsibilities between the Chairman of the Board and the CEO is to ensure a balance of power and authority, so no one individual has unrestricted decision making power.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a suitably qualified, experienced and competent Company Secretary who is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators and is also qualified under the Companies Act, 2016. Ms Sally Tan Seok Chung is currently the Company Secretary and has been with the Group since 1997. She has over 30 years of experience in corporate secretarial practice.</p> <p>She is responsible for advising the Board on issues relating to sound governance and compliance with laws, rules, procedures and regulations and advocates adoption of corporate governance best practices.</p> <p>All Directors have full access to the advice and services of the Company Secretary especially on the procedural and regulatory requirements.</p> <p>The Company Secretary undertakes continuous professional development to keep herself abreast with the current regulatory changes in laws and relevant regulatory requirements and corporate governance and to be able to provide the relevant advisory role to the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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>To facilitate the Directors in planning their attendance at the Board and Board Committees meetings as well as the Annual General Meeting, an annual meeting calendar with the scheduled meeting dates is prepared and confirmed before the beginning of each year.</p> <p>The notice of Board and Board Committees meetings together with meeting materials are furnished to the Directors at least five (5) working days in advance to enable the Directors to have sufficient time to review the documents and obtain further information or clarification to expedite the decision making process. The meeting agenda and board papers are distributed in hard copy and/or electronically to the Directors for deliberations during Board meetings. Reminders are also sent in advance electronically to the Directors prior to the meetings.</p> <p>The Company Secretary ensures the deliberation and decision of the meetings are properly minuted and confirmed by the respective Chairmen at the subsequent meetings. Items with action would remain as matters arising in the minutes until they are resolved. The minutes of the Board Committee meetings are included in the Board meeting papers.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is guided by its Board Charter which outlines the roles and responsibilities of the Board of Directors, Board Committees, Chairman, CEO, Non-Executive Directors and the individual Directors. The Charter also stipulates the matters that are reserved for the Board's deliberation and decision.</p> <p>The Board Charter and Terms of Reference (TOR) for Board Committees are periodically reviewed and updated in accordance with the needs of the Company and in tandem with changes in regulations and best practices.</p> <p>During the financial year, the Board reviewed its Charter and revisions were made mainly to be in line with the requirements or recommendations in the latest Companies Act 2016, Malaysian Code on Corporate Governance 2017 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The Board Charter is available on the Company's website at www.gadang.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is mindful of its role to create a corporate culture which promotes ethical conduct in all aspect of the Group's business operations.</p> <p>The Board has established the Code of Ethics and Conduct ("Code of Ethics") setting out the principles and standards of business ethics and conduct of the Group. The purpose of the Code of Ethics is to ensure that all employees and Directors maintain and enforce the highest standards of professional conduct in the performance of their duties and throughout the Group.</p> <p>The Code of Ethics covers all related areas for good governance and best practices such as matters on conflicts of interest, anti-bribery & corruption, insider trading, anti-money laundering, fair competition, discrimination and harassment, confidentiality, improper use of company assets, and compliance with laws, rules and regulations.</p> <p>All new employees are briefed on the Code of Ethics during their induction into the Group. All employees including Board members are required to declare that they have received, read and understood the provisions of the Code of Ethics and agreed to comply with its terms throughout their employment.</p> <p>Details of the Code of Ethics can be found on the Company's website at www.gadang.com.my.</p>
Explanation for departure	:	
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Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established a Whistleblowing Policy & Procedure (“WPP”) in line with the Company’s commitment in achieving and maintaining the highest standards of openness, ethics, and accountability.</p> <p>The WPP is aimed to provide a mechanism for employees, other external stakeholders and members of the public to report concerns about any suspected and/or known misconduct, wrongdoing or inappropriate behaviour relating to corrupt practices, fraud and/or abuse. An employee who makes a report of improper conduct in good faith shall be protected against reprisal, retaliation, punishment and/or unfair treatment (including intimidation, harassment, discrimination, demotion and termination of employment) for his/her disclosure.</p> <p>The Whistleblowing Committee, which comprises a member of the Audit Committee, Chief Financial Officer (“CFO”) and Head of Group Internal Audit, is responsible for overseeing the implementation of the WPP. The CFO and the Senior Independent Director (“SID”) of the Company are responsible for receiving whistleblower reports made by the employees or external parties as prescribed under the WPP.</p> <p>The WPP is available on the Company’s website at www.gadang.com.my.</p> <p>During the financial year 2021, there were no whistleblowing cases being reported.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>As at 16 August 2021, the Board comprises six (6) Directors whereby two are Executive Directors, three (3) are Independent Non-Executive Directors (“INEDs”) and one (1) is Non-Independent NED.</p> <p>The Company therefore complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. The INEDs also make up half of the Board, as recommended by the Malaysian Code on Corporate Governance 2017.</p> <p>The independence of the INEDs is assessed during the annual Board’s evaluation exercise and all the INEDs satisfy the independence test under the Main Market Listing Requirements of Bursa Securities.</p> <p>The Board is satisfied that the INEDs have demonstrated the required level of independence in acting impartially and in the best interests of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	: Applied																																												
Explanation on application of the practice	<p>The Board recognises diversity in the boardroom as an essential component of a good corporate governance. The Board’s aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit, and against objective criteria, with due regard given to the benefits of diversity on the Board, including gender, age and ethnicity.</p> <p>The current composition of the Board includes a diverse mix of skill sets, expertise, knowledge and experience to direct the Group. Following is the collective skills & competence of the Board:-</p> <table border="1"> <thead> <tr> <th>Skill/Competence</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Leadership</td> <td>Overall stewardship of the Group, business leadership, public listed company experiences</td> </tr> <tr> <td>Strategy and Entrepreneurial acumen</td> <td>Business development, assessment of existing and emerging opportunities</td> </tr> <tr> <td>Sustainability and Stakeholder management</td> <td>Governmental relations, community and investor relations, corporate governance and banking</td> </tr> <tr> <td>Technical</td> <td>Engineering, real estate and property development, construction and other related skills</td> </tr> <tr> <td>Finance and corporate</td> <td>Accounting, audit, financial reporting, taxation, legal, corporate financing, risk management and human capital development & management</td> </tr> </tbody> </table> <p>To fulfil the target set by the Board to have an additional director who has experience or background in construction or property development, the Nomination and Remuneration Committee (“NRC”) had carried out an assessment on Mr Sherman Lam Yuen Suen (“Mr Sherman”). The NRC was satisfied that his professional qualifications, skills and experience, especially in property development, will be able to contribute positively and effectively to the Board and to undertake and fulfill the duties and responsibilities as an Independent Non-Executive Director of the Company. The Board, based on the recommendation of the NRC, had agreed to the appointment of Mr Sherman on 16 August 2021.</p> <p>With the appointment of Mr Sherman Lam as Director with effect from 16 August 2021, the diversity in the race/ethnicity, age and gender of the existing Board, who are all Malaysians, is as follows:-</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Race/Ethnicity</th> <th colspan="5">Age Group</th> <th colspan="2">Gender</th> </tr> <tr> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>30-40</th> <th>41-50</th> <th>51-60</th> <th>61-70</th> <th>71-80</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>1</td> <td>5</td> <td>0</td> <td>1</td> <td>1</td> <td>0</td> <td>3</td> <td>1</td> <td>5</td> <td>1</td> </tr> </tbody> </table>	Skill/Competence	Description	Leadership	Overall stewardship of the Group, business leadership, public listed company experiences	Strategy and Entrepreneurial acumen	Business development, assessment of existing and emerging opportunities	Sustainability and Stakeholder management	Governmental relations, community and investor relations, corporate governance and banking	Technical	Engineering, real estate and property development, construction and other related skills	Finance and corporate	Accounting, audit, financial reporting, taxation, legal, corporate financing, risk management and human capital development & management		Race/Ethnicity			Age Group					Gender		Malay	Chinese	Indian	30-40	41-50	51-60	61-70	71-80	Male	Female	Number of Directors	1	5	0	1	1	0	3	1	5	1
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	<p>The appointment of Senior Management was also made with due regard for diversity in skills, experience, age, cultural background and gender. They are all Malaysians with diversity in the following perspectives as set out in the table:-</p> <table border="1" data-bbox="552 353 1409 472"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Race/Ethnicity</th> <th colspan="4">Age Group</th> <th colspan="2">Gender</th> </tr> <tr> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>31-40</th> <th>41-50</th> <th>51-60</th> <th>61-70</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Number of Senior Management</td> <td>3</td> <td>30</td> <td>0</td> <td>4</td> <td>14</td> <td>10</td> <td>5</td> <td>24</td> <td>9</td> </tr> </tbody> </table>		Race/Ethnicity			Age Group				Gender		Malay	Chinese	Indian	31-40	41-50	51-60	61-70	Male	Female	Number of Senior Management	3	30	0	4	14	10	5	24	9
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<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 4.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the value created by involving female candidates participating in decision-making positions, i.e. Directors and Senior Management. The Board currently has one (1) female director, representing 17% of the total Board members.</p> <p>The Board remains committed to have at least 30% of female board representation and will take the necessary steps to search, where appropriate, for suitable woman candidates who have relevant skills, knowledge and experience which are able to enhance the Board as a whole.</p> <p>The Board has its Policy for Board Diversity as set out below (in accordance with Paragraph 15.08A(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad):-</p> <p style="text-align: center;">POLICY FOR BOARD DIVERSITY</p> <p style="text-align: center;">The Board recognizes the benefits of diversity. Diversity of skills, backgrounds, knowledge, international and industry experience, gender, age and ethnicity, amongst many other factors, will be taken into consideration when seeking to appoint a new director to the Board. Notwithstanding the foregoing, all Board appointments will always be made on merit against objective criteria.</p> <p>At the Senior Management level, women's participation was at 27%.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The appointment of a new Director is a matter for consideration and decision by the full Board, upon the recommendation from the Nomination & Remuneration Committee (“NRC”). It is the policy of the Board that in determining candidates for the Board, the following process shall occur:</p> <ul style="list-style-type: none">(i) The NRC evaluates the required mix of skills, experience, expertise and diversity of the existing Board. In particular, the NRC is to identify the particular skills and experience that will best increase the Board’s effectiveness.(ii) The NRC will identify potential candidates by seeking applications from suitably qualified individuals; and/or recommendations from the Directors, management or external parties including the Company’s contacts in related industries, finance, legal and accounting professions.(iii) The NRC interviews selected candidates.(iv) The NRC will evaluate the nominees’ ability to discharge their duties and responsibilities before recommending their appointment as directors to the Board for approval. <p>In considering candidates for director, the NRC will take into account all factors it considers appropriate, including, among other things, breadth of experience, understanding of the Group’s business and financial literacy, ability to exercise sound business judgement, diversity, past achievements, demonstrate strong performance focus, display leadership quality, a willingness to devote the required time commitment to the Board’s affairs, and with good reputation and integrity.</p> <p>In line with the recommendation of the Malaysian Code on Corporate Governance, apart from referrals from Directors, major shareholders and management, the Board is open to utilising independent sources to identify suitably qualified candidates, where necessary.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The current Nomination & Remuneration Committee (“NRC”) is chaired by Mr Huang Shi Chin, who was appointed as the Senior Independent Director (“SID”) of the Company with effect from 16 August 2021.</p> <p>Based on the Terms of Reference of the NRC, it is recommended that the chair of the NRC should be the senior independent director identified by the Board.</p> <p>The NRC was previously chaired by Mr Boey Tak Kong, who assumed the role of SID from 2012 until he was redesignated as Non-Independent Director on 16 August 2021.</p> <p>The specific responsibilities of the SID are set out in Paragraph 5.5 of the Board Charter, which is available on the Company’s website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to 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 process of assessing the Directors is an ongoing responsibility of the Nomination & Remuneration Committee ("NRC"). The NRC has a formal evaluation process to annually assess the effectiveness of the Board as a whole and the Board Committees, as well as the performance of each individual Director, including the independence of the Independent Non-Executive Directors.</p> <p>The annual assessment criteria of the Board, Board Committees and individual Directors have been updated and are aligned with the practices of the Malaysian Code on Corporate Governance 2017. The criteria used for the annual assessment of Board include the assessment of board mix and composition, quality of information and decision making, boardroom activities and board's relationship with Management whereas for Board Committees, the criteria used include composition, effectiveness, support, contribution and communication. The annual assessment of individual Directors include competency, contribution and performance and calibre and personality.</p> <p>The evaluation for this financial year 2021, which was carried out in May 2021, involved individual directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. They also undertook a self-review and peer review in which they assessed their fellow Directors' performance. The results were compiled and analysed by the Company Secretary and presented at board meeting.</p> <p>Based on the findings of the assessment, the Board formed the view that the Board as a whole, Board Committees and the individual Directors were effective in the performance of their roles and discharge of their responsibilities. The review also supported the Board's decision to endorse the retiring Directors, namely Tan Sri Dato' Kok Onn and Mr Huang Shi Chin for re-election and the redesignation of Mr Boey Tak Kong from Independent Non-Executive Director to Non-Independent Non-Executive Director.</p>

	The Board viewed the current evaluation process is adequate to provide an objective assessment on the effectiveness of the Board, the Committees and each individual Director. The use of an external consultant is not necessary at this stage.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board ensures that the Group's remuneration policy remains competitive to attract, retain and motivate Directors and Senior Management of such caliber who are able to provide the necessary skills and experience, commensurate with the responsibilities for the effective management of the Group.</p> <p>The Nomination & Remuneration Committee is responsible for the recommendation of the remuneration and other benefit packages of Non-Executive Directors and Senior Management of the Group, for approval by the Board.</p> <p>The Board has established a remuneration policy to outline the principles for the Company to determine and propose an appropriate level of remuneration for the Director and Senior Management.</p> <p>The Remuneration Policy is periodically reviewed and is available on the Company's website at www.gadang.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee and Remuneration Committee were established on 30 July 2001 and were merged into a single committee on 28 October 2010 for the purpose of convenience and practicality. The Nomination & Remuneration Committee ("NRC") currently comprises four (4) members, majority of whom are independent non-executive directors.</p> <p>The NRC oversees the nomination process and remuneration package for Non-Executive Directors and Senior Management. The Board delegates to the NRC, the responsibility to set the principles and governance framework parameters relating to the Group's remuneration matters. These have been documented in the Company's Remuneration Policy for Directors and Senior Management.</p> <p>The Terms of Reference of the NRC and the Remuneration Policy for Directors and Senior Management are available for reference at www.gadang.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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>In line with the best corporate governance practice, the disclosure of the Directors' remuneration on a named basis has been made in the Annual Report under the Statement of Corporate Governance since year 2011.</p> <p>The details of the remuneration received by each Board member for the financial year ended 31 May 2021 are disclosed in the Corporate Governance Overview Statement of the Annual Report 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.2

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 not disclosed on a named basis for the top five Senior Management's remuneration in bands of RM50,000 due to confidentiality and sensitivity of each remuneration package as well as the competitive market for talents in the businesses of the Group.</p> <p>As an alternative, the top five senior management's remuneration (including salary, bonus, allowances, benefits in-kind and other emoluments) for the financial year 2021 are disclosed in the bands of RM50,000, as follows:-</p> <table border="1"> <thead> <tr> <th>Remuneration bands</th> <th>No. of Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM400,001 to RM450,000</td> <td>1</td> </tr> <tr> <td>RM450,001 to RM500,000</td> <td>3</td> </tr> <tr> <td>RM600,001 to RM650,000</td> <td>1</td> </tr> </tbody> </table> <p>The Board always benchmarks the remuneration package of the Senior Management with the industry and ensures that the Senior Management are paid a remuneration commensurate with their responsibilities of their positions and performance of the individual and the Group.</p>	Remuneration bands	No. of Senior Management	RM400,001 to RM450,000	1	RM450,001 to RM500,000	3	RM600,001 to RM650,000	1
Remuneration bands	No. of Senior Management									
RM400,001 to RM450,000	1									
RM450,001 to RM500,000	3									
RM600,001 to RM650,000	1									
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>										
Measure	:	The Board will closely monitor developments in the market in respect of such disclosure for future considerations.								
Timeframe	:	Others Ongoing								

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>As at 16 August 2021, the Audit Committee ("AC") comprises four (4) members, majority of whom are independent non-executive directors ("NEDs").</p> <p>Mr Sherman Lam Yuen Suen, an Independent NED and is not the Chairman of the Board, was appointed as Chairman of the AC on 16 August 2021 in place of Mr Boey Tak Kong who was redesignated as Non-Independent NED on 16 August 2021. Tan Sri Dato' Seri Dr. Mohamed Ismail Bin Merican is the Chairman of the Board of the Company.</p> <p>The AC must not be chaired by the Chairman of the Board has been specified in paragraph 2.2 of the Terms of Reference of the AC, which are available on the Company's website at www.gadang.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>None of the members of the Board is a former key audit partner. Hence, there is no such person being appointed as a member of the Audit Committee.</p> <p>The Terms of Reference of the Audit Committee include a requirement that a former key audit partner is to observe a cooling-off period of at least two years before he can be considered for appointment as a member of the Audit Committee.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 has approved and adopted an External Auditors Policy to outline the guidelines and procedures for the Audit Committee ("AC") to review, assess and monitor the performance, suitability and independence of the Company's external auditor.</p> <p>Each year, the AC will evaluate the external auditors in fulfilling their duty to make an informed recommendation to the Board whether to retain the auditors. The annual review and assessment of the quality of audit is carried out through an assessment checklist based on four (4) key areas covering quality of service provided; sufficiency of audit firm resources; quality of the communication and interactions with the external auditors and the independence, objectivity and professional scepticism as set out in the Company's External Auditors Policy.</p> <p>As guided by the External Auditors Policy, the AC had on 1 September 2021 undertaken an assessment on the suitability, effectiveness and independence of the external auditors, Crowe Malaysia PLT ("Crowe Malaysia") based on the feedback from the Chief Financial Officer and the finance personnel (who had substantial contact with the external audit team throughout the year). The AC also took into account the openness in communication and interaction with the lead engagement partner and engagement team through discussions at private meetings which demonstrated their independence, objectivity and professionalism.</p> <p>In July 2021, the external auditors in its presentation of External Auditors' report to the AC provided a written assurance that they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of the Group for the financial year 2021.</p> <p>The AC was satisfied with the suitability of Crowe Malaysia based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The AC was also satisfied in its review that the provision of non-audit services by Crowe Malaysia to the Company for the financial year 2021 did not in any way impair their objectivity and independence as external auditors of the Company.</p>

	Being satisfied with the External Auditors' performance, the Board had in September 2021 approved the AC's recommendation for the shareholders' approval to be sought at the 28 th Annual General Meeting on the re-appointment of Crowe Malaysia as external auditors of the Company for the financial year ending 31 May 2022.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

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	:	All members of the Audit Committee ("AC") possess a considerable understanding of financial reporting and auditing processes. They also have the necessary accounting, financial, risk management, commercial, corporate affairs & communication and capital markets skills required to meet their responsibilities and provide an effective level of challenge to Management. All Audit Committee members received ongoing training and development as detailed in the Directors' Training section of the Corporate Governance Overview Statement of the Annual Report 2021. An annual assessment on the performance of the Audit Committee during the term of office was undertaken by the Nomination & Remuneration Committee ("NRC") for financial year 2021 and the NRC was satisfied with its performance.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility to maintain a sound system of internal controls to safeguard shareholders’ interests and the Group’s assets.</p> <p>The Group has in place a Risk Management Policy which is reviewed yearly to ensure it remains relevant and up-to-date. As required by the policy, Management operates a risk management process to identify, evaluate and report significant risks within the business and to report to the Board on how those risks are being managed. Risks are highlighted through a number of different reviews and culminate in a risk register, monitored by the Risk Management Committee (RMC) across the Group, which identifies the risk area, the probability of the risk occurring, the impact if it does occur and the actions being taken to manage the risk to the desired level. The RMC’s report is tabled to the Board Risk Committee (BRC) for review and evaluation on a quarterly basis. The BRC then presents a summary of its deliberations and decisions to the Board.</p> <p>Further details on the risk management and internal control framework are disclosed in the Statement on Risk Management and Internal Control of the Company’s Annual Report 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The key features of the Company's risk management and internal control framework, which cover their adequacy and effectiveness are disclosed in the Statement on Risk Management and Internal Control of the Company's Annual Report 2021.</p> <p>For the financial year 2021, the Board was of the opinion that the risk management and internal control system were operating adequately and effectively. The internal controls were sound and sufficient to safeguard shareholders' interests and the Group's assets.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	Currently, the Board Risk Committee comprises four (4) members, a majority of whom are Independent Non-Executive Directors. A copy of the Terms of Reference of the Board Risk Committee is available on the Company's website at www.gadang.com.my .

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 Board has established an in-house internal audit (“IA”) function for the Group. The Group IA (“GIA”) is led by the Head of GIA who reports functionally to the Audit Committee (“AC”) and administratively to Executive Director/Chief Financial Officer.</p> <p>The GIA is responsible to undertake independent, regular and systematic reviews of the financial and operating systems and internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively.</p> <p>The GIA reports quarterly to the AC on the internal audit’s objective, operation, authority and responsibility, relative to the approved audit plan together with a rating score on the internal control environment implemented to safeguard the Group’s assets and investments.</p> <p>To ensure the responsibilities of GIA are fully discharged, the AC reviews:</p> <ul style="list-style-type: none"> i) the appointment and removal of the Head of GIA; ii) the adequacy of scope, function, competency and resources of the GIA; and iii) the appraisal or assessment of the performance of the staff of the IA function. <p>IA reports were issued to the management of the operating units audited, highlighting the findings on any systems and control weaknesses together with recommendations for improvement. Management implements the corrective and preventive actions based on agreed deadlines. These reports, together with follow-up audit reports, were tabled to the AC for deliberations and process improvement. The detailed activities carried out by the GIA are provided in the AC Report of the Company’s Annual Report 2021.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

Companies 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>In accordance with the Audit Charter of the Group Internal Audit (“GIA”), the GIA will not be involved in day-to-day control procedures in order to maintain its independence and objectivity. Instead, each business unit is responsible for its own internal controls and procedures. GIA is not involved in the implementation of internal control systems but may be consulted on the adequacy of controls when the systems and processes are to be implemented.</p> <p>The GIA has three personnel comprising the Head of GIA and two staff. The Head of GIA, Mr Alan Tham Wing Hoong holds a degree in Bachelor of Commerce (Accounting) and Certified Information System Auditor and has over 20 years of internal audit and financial management experience, covering insurance industry, hospitality sector and FMCG business.</p> <p>The GIA adopts Committee of Sponsoring Organisations of the Treadway Commission (COSO)’s Internal Control Integrated Framework to assist in the design and recommendations for internal controls in business and operating environments. The audit engagement is performed in accordance with the Institute of Internal Auditors International Professional Practices Framework (“IPPF”) and Supplemental Guidance to govern code of ethics and to sustain internal audit effectiveness.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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 has adopted the Investor Relations Policy, which is applicable to the Board and all employees of the Group, in handling and disclosing material information to the shareholders and the investing public.</p> <p>Various announcements and disclosures to the Bursa Malaysia Securities Berhad made during the year, including the timely release of financial results on a quarterly basis and the distribution of annual reports and circulars, provide shareholders and the investing public with an overview of the Group's performance and operations.</p> <p>The MD/CEO and/or Chief Financial Officer will meet with institutional shareholders and analysts on ad-hoc basis to promote better understanding of the Group's financial performance and operations.</p> <p>The Company's website, www.gadang.com.my provides an avenue for providing information about the Company and the Group and receiving feedback from the stakeholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 by the Malaysian Code on Corporate Governance. Presently, the Annual Report provides a fairly comprehensive overview on the Group's financial and non-financial information, including the outlook and prospects of the Group to shareholders and stakeholders.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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>At the 27th Annual General Meeting (“AGM”) held on 11 November 2020, the Company sent out the notice of AGM to the shareholders on 29 September 2020, which is in advance of the 28-day requirement.</p> <p>The notice of the forthcoming 28th AGM which will be held on 3 November 2021 will be given to the shareholders on 30 September 2021, effectively serving 33 days of notice.</p> <p>Details of the resolutions proposed together with the explanatory notes and statement are set out in the notice of AGM.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>All the Directors attended the 27th Annual General Meeting (“AGM”) which was held virtually through live streaming from the Broadcast Venue on 11 November 2020 to address any questions from the shareholders.</p> <p>The shareholders, corporate representatives and proxies attended the 27th AGM remotely using Remote Participation And Voting (“RPV”) facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its TIH Online website at https://tiah.online. The Chief Financial Officer (CFO) conducted a brief presentation on the Group’s performance for the year and its business outlook as well as the Company’s responses to questions submitted in advance of the AGM by the Minority Shareholders Watch Group. Questions and clarifications, were appropriate, were provided by the Directors and Senior Management of the Company.</p> <p>To further encourage engagement between the Directors and shareholders, shareholders were also invited to send questions for the Board before the meeting via Tricor’s TIH Online website at https://tiah.online.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had leveraged on technology to conduct the 27th Annual General Meeting (“AGM”) virtually through live streaming and online remote voting using remote participation and voting (“RPV”) facilities, which is in compliance with Section 327 of the Companies Act 2016. The RPV facilities had enabled shareholders to participate and vote remotely without attending the meeting physically.</p> <p>The Board has decided to continue to use RPV facilities provided by its Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at the forthcoming 28th AGM which will be held on 3 November 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

**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.

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