

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6971
COMPANY NAME : KOBAY TECHNOLOGY BHD.
FINANCIAL YEAR : June 30, 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 Company is led and managed by the Board and its Committee.</p> <p>The Executive Committee of the Board ("EXCO") is responsible for adoption and yearly review of Corporate Direction & Expectation for the Group in every financial year before disseminate to the subsidiary companies to conduct its yearly strategic planning, budgeting and goal setting. The EXCO conducts review on each and every subsidiary company's performance, including cash flow position, on monthly basis to evaluate whether the business is being properly managed, and on quarterly basis, there will be a Quarterly Operation Review to measure the achievement of strategic plans. The entire Group's yearly strategic planning and goal setting for FY2022 have been approved by the Board's Executive Committee prior to the new financial year that begins on 1st July 2021.</p> <p>The Board via its Committees identify, evaluate and manage principal risks faced by the Group and ensuring the implementation of appropriate internal controls systems to manage these risks. The Group has a Risk Management Framework as part of the Company's Policies and Procedures for guidance on risk management.</p> <p>There is a Board Charter which states its roles and responsibilities and the Terms of Reference of each Board's Committee are published on company's website.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns 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 1.2

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>An independent and Non-executive Director is appointed as Chairman of the Board who oversees the effectiveness of Board’s policies and conduct. The roles and responsibilities of the Chairman include, among others, the following :</p> <p>(a) Responsible for effective conduct and installing good corporate governance practices of the Board;</p> <p>(b) Ensuring the provision of accurate, timely and clear information by the management to Directors;</p> <p>(c) Encouraging active participation of Board members; and</p> <p>(d) Ensures that every Board resolution is put to vote to ensure the will of majority prevails.</p> <p>The roles and responsibilities of the Chairman are stated in Board Charter as published on company’s website.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns 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 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil, the Independent Non-executive Director is our Chairman who oversees the Board's regulation and conduct whereas our CEO, Dato' Seri Koay Hean Eng is responsible to manage the group's day-to-day operations.	
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	:	The Board is supported by two qualified Company Secretaries and their roles on corporate governance are clearly stated in Board Charter. They have attended trainings and seminars to keep abreast with the latest development in corporate governance practices.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns 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	:	Notice of the meeting and board papers are furnished to all Directors who eligible to attend the meeting 7 calendar days prior to the meeting date. Minutes of meeting are recorded by the Companies Secretaries and adopted by the members in the following meeting.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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	:	The Board Charter is published on the company’s website. The Board will review the charter in every 5 years interval or as and when it is deemed necessary. The last review was done in 2016.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	The Code of Conduct and Ethics of employees have been incorporated into our Human Resource Policies and Procedures since year 2004. Duly executed Code of Conduct Pledge Form is filed in individual employee personal file. A Code of Business Conduct Policy and Anti-Corruption Policy have been adopted in 2014 and 2020 respectively. They are published on our website and is subject to revise from time to time whenever is necessary. The Policy covers on conflict of interest, gifts and other gratuities, confidential information, payment practices, insider trading, equal & non-discrimination, sexual harassment, compliance of laws and regulations and anti-bribery and corruption policies and procedures.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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	:	The company has adopted a Whistle Blowing Policy and it is published on company’s website. It provides and facilitates a mechanism on how a reporting party to deal with suspicious or alleged misconduct, wrongdoing, corruption, fraud, waste, sexual harassment, discrimination and/or abuse in utilizing the resources of the Group.	
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Currently we have 2 Independent Directors out of the total 5 Board members. The Board is mindful of the departure and is in the process of sourcing for suitable candidates.	
		The decision of the Board is made by at least three-fourth (3/4) of all Directors. All Board members are actively participate in agendas of the meeting before approval is given.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years	
Explanation on application of the practice	:	The Senior Independent and Non-executive Director of the Board who has served more than eleven years has been duly evaluated by the Nominating Committee before recommending the Board for re-appointment. He is subjected to yearly re-appointment at AGM with justifications provided in the notice of AGM. The Board of Directors has duly considered his independency and contribution to the Company and Group in the past and recommended re-appointment for shareholders’ approval in the forthcoming AGM.	
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	:	Appointment of Board member is under the responsibility of Nominating Committee of the Board with its Terms of Reference published on Company’s website. The Committee takes note of the required skills, core competencies and gender diversity in its evaluation process. For senior management appointment, the Group Human Resource Department will do the screening and selection before proposed for an interview of the proposed candidates. The relevant Human Resource Approval Panel, which consist of Board’s committee members or Chief Officers, will conduct an interview, scrutinize and consider the candidate suitability for the position, as guided by the Group’s Human Resources Policies and Procedures.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns 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 4.5

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	:	There is no target set and the Board is aware of gender diversification under the best practice and has appointed a lady director in the financial year. The gender diversity among directors and employees of the Group are disclosed in Corporate Governance Overview Statement and Sustainability Statement in Annual Report.	
<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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The appointment of new director in FY 2021 was through recommendation by the major shareholder. The Nominating Committee of the Board is aware of the responsibility of maintaining Board’s capability, competency and independence and took note of the best practice. The Board is satisfied with the current mix of skills, qualification, experience and independence of its members.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nominating Committee is chaired by our Senior Independent Non-executive Director, Mr. Khaw Eng Peng.	
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	:	There is a formal evaluation in the form of checklist for evaluating annually the effectiveness of the Board’s Committees and each Directors. The annual evaluation for year 2021 has been conducted and concluded by the Nominating Committee via its meeting held on 26 August 2021.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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 Group has its Group’s Human Resource Policy and Procedures on remuneration since 1999 and are reviewed in every 5 years interval which covered the senior management and Executive Directors’ remuneration. The non-executive Directors remuneration were reviewed and proposed by the Remuneration Committee yearly and approved by the Board as a whole. The policies and procedures on remuneration for Directors and senior management are described in Corporate Governance Overview Statement in Annual Report.	
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	:	The terms and reference of Remuneration Committee is covered under Remuneration Committee Policy which is published on Kobay's website. The Remuneration Committee hold meeting on yearly basis to review both Executive and Non-executive Directors' remunerations based on evaluation conducted with minutes compiled.
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	:	The information relating to Directors’ remuneration is made transparent to all shareholders. The detailed disclosure on named basis for the remuneration of individual Directors for the financial year 30 June 2021 are set out below:-				
		Directors	Fees	Other short-term benefits	Defined contribution plans	Total
			(RM’000)	(RM’000)	(RM’000)	(RM’000)
		Company				
		Executive Directors				
		Dato’ Seri Koay Hean Eng	-	480	19	499
		Koay Cheng Lye	-	298	12	310
		Non-Executive Directors				
		Dr. Mohamad Zabdi Bin Zamrod	3	2	-	5
		Sharifah Faridah Binti Dato’ Syed Mahadzar Jamalullil	3	2		5
		Khaw Eng Peng	8	2	-	10
		Koay Ah Bah @ Koay Cheng Hock	8	2	-	10
		Subsidiary				
	Non-Executive Directors					
	Koay Ah Bah @ Koay Cheng Hock	-	36	2	38	
Explanation for departure	:					
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.						
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	:	The Board is mindful of the compliance, however the Board is also weighing the sustainability of business operations and protecting the talent pool maintained by the Group from possible headhunting by competitors. The Company believes that non-disclosure of remuneration information on key personnel will not affect the interest of shareholders.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	Our Audit Committee Chairman is the Senior Independent Non-executive Director, Mr. Khaw Eng Peng.	
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	:	There is no former key audit partner being appointed as member of Audit Committee. The policy of cooling-off period of at least two years is to be adopted in revised Audit Committee’s Terms of Reference 2021.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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	:	There is an External Auditors Policy adopted for selection, appointment and assessment of external auditor performance and it is published on Kobay’s website. The assessment has been done yearly prior to resolution for re-appointment of external Auditors being approved by the Board for inclusion in AGM.	
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	:	The Company Secretaries provide updates on latest development regarding corporate governance and legal and regulatory requirements in Board meetings. The External Auditors provide briefing in Audit Committee meeting when there are changes in accounting and auditing standards. The Committee’s members have attended external courses and training programmes as stated in the Corporate Governance Overview Statement in Annual Report.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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	:	The Board has formalized and adopted a Risk Management Framework Manual in 2013 which documented the approach, practices, policies and procedures and risk level to be applied in the Group to address risk management. On internal control framework, there are Group Policies and Procedures Manual adopted covering Financial, Human Resource and Sales and Operations that laid down the policies and operating procedures to be followed by business units.	
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	:	The features of risk management, internal control framework and the activities carried out in financial year 2021 have been disclosed under Statement on Risk Management and Internal Control in 2021 Annual Report. The Board is satisfied with the adequacy, integrity and effectiveness of the framework.	
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	:	The Board has delegated the overseeing responsibility to the Audit and Risk Management Committee which comprises a majority of Independent Directors.

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	:	The Internal Audit Department is reported directly to Audit and Risk Management Committee. The Internal Auditor's scope of audit coverage, competency and job performance is evaluated yearly by the Committee.	
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 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	:	The summary of work of Internal Audit Department is disclosed in Audit and Risk Management Committee Report in Annual Report. The Internal Audit Department is headed by Mr. Ong Gim Hoe, who is a Professional Member of The Institute of Internal Auditors Malaysia. He obtained his professional qualification from The Association of International Accountants with working careers in external and internal auditing. He does not have any relationship or conflict of interest situation with the senior management, Directors and substantial shareholders. The internal audit activities are supported by System Compliance Department of Manufacturing Division and Property Development Division which respectively has one headcount. The Internal Audit applies Code of Ethics and Standards of International Professional Practices Framework issued by The Institute of Internal Auditors Inc. in engaging internal audit activities.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied	
Explanation on application of the practice	:	The Group has regular employee relation activities like quarterly management meetings, management staff dinner, half yearly teambuilding activities, yearly annual dinner for internal stakeholders of which the dinner and teambuilding events have been halted this year due to Movement Control Order. For our shareholders, we have yearly AGM which is held virtually if required. We also conducted suppliers/vendors meeting periodically, investor relation meeting/forum and we have a communication platform in our website whereby all parties able to post a message or email their queries to intended personnel.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not ready for the integrated reporting and is not a Large Company as defined in the Malaysian Code on Corporate Governance.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	The notice for Annual General Meeting (“AGM”) has been circulated to shareholders at least 28 days prior to the meeting. Notice of AGM with detailed Agenda, Annual Report and Statement/Circular to Shareholders are distributed to all the shareholders, announced to Bursa Malaysia and advertised in one widely circulated newspaper in Malaysia within the stipulated prescribed time.	
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	:	All Directors attend the Annual General Meetings annually. In addition, the management staff, the Company Secretaries and external auditors are also in attendance. The CEO answer to the queries raised by the shareholders at the AGM. The Chairman also invites shareholders to raise questions for each of the resolution put forward for voting.	
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	:	In current Covid-19 pandemic, shareholders meetings were held virtually through live webcast and online remote voting via Online Meeting Platform.	
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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