

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7234  
**COMPANY NAME** : MESB BERHAD  
**FINANCIAL PERIOD** : June 30, 2019

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for overall corporate governance, strategic direction, formulation of policies to oversee the business, performance and affairs of the Group, and charting the course of the Group's business operation whilst providing effective advice on Management's performance, risk assessment and controls over business operations.</p> <p>The Board Charter, which made available at the Company's corporate website, outlines the Key matters reserved for the Board' deliberation and decision. Besides, the Board Committees' roles and responsibilities in discharging its function which had been delegated by the Board are set out in respective Board Committee's Terms of Reference.</p> <p>The roles and responsibilities of the Board include the following:-</p> <ul style="list-style-type: none"><li>• approves and proactively participates in strategic decisions;</li><li>• together with senior Management, promotes good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;</li><li>• oversees Management's plans, decisions, and actions;</li><li>• monitor sustainability issues in the Group and consider appropriate sustainability reports and information</li><li>• puts in place succession planning for Board and senior Management, including the implementation of appropriate systems for recruiting, training and determining the appropriate compensation benefits;</li><li>• monitors Management's ethical conduct, financial reporting and regulatory compliance;</li><li>• plays a critical role in ensuring sound and prudent policies and practices of the Company;</li></ul>

	<ul style="list-style-type: none"> <li>• be capable of effectively achieving good governance and protecting the interests of shareholders;</li> <li>• ensures there is a sound framework for internal control and risk management;</li> <li>• sets the risk appetite within which the Board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;</li> <li>• reviews the performance of the Group’s businesses;</li> <li>• approves the establishment of the Board Committees including appointment of Committee members and its terms of reference;</li> <li>• monitors compliance with the relevant rules, regulations and accounting standards within the corporate and business environment;</li> <li>• promotes ethical and best corporate governance culture across the Group;</li> <li>• declares the interim dividend and recommends the payment of the final dividend;</li> <li>• promotes effective communication and proactive engagements within shareholders and other stakeholders; and</li> <li>• appoints new directors based on recommendation of the Nomination Committee.</li> </ul> <p>The Board shall meet at least four (4) times a year. When the need arises, special board meetings will be convened. The Board Committees also meet regularly to discharge their duties.</p>
<b>Explanation for departure</b> :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## 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.

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	<p>The Board is chaired by a Senior Independent Non-Executive Director, En Saffie Bin Bakar.</p> <p>The Chairman is responsible for providing leadership to the Board, controls the orderly and effective functioning of the Board, ensures the integrity and effectiveness of the governance processes of the Board and consults the Board promptly over any matter that is pertinent to the Company and of concern to the Company.</p> <p>The Chairman's key roles and responsibilities include:</p> <ul style="list-style-type: none"> <li>• providing leadership for the Board;</li> <li>• leading Board meetings and discussions;</li> <li>• managing the interface between Board and Management;</li> <li>• setting the Board agenda and ensuring that Board members receive the necessary information in a timely manner;</li> <li>• encouraging active participation and allowing dissenting views to be freely expressed;</li> <li>• leading the Board in establishing and monitoring good corporate governance practices in the Company; and</li> <li>• ensuring appropriate steps are taken to provide effective communication with stakeholders and their views are communicated to the Board as a whole;</li> <li>• Chairs General Meetings of the Company and provides clarification on issues that may be raised by shareholders.</li> </ul>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of Chairman and Chief Executive Officer ("CEO") are held by different individuals. The Chairman and the CEO are not related to each other.</p> <p>The roles and responsibilities of the Chairman, En Saffie Bin Bakar are distinguished from that of the CEO, Mr Loke Lee Ping which are clearly set out in the Board Charter uploaded on the corporate website at <a href="http://www.mesbbhd.com.my">www.mesbbhd.com.my</a>.</p> <p>The Chairman of the Board is responsible for the leadership, effectiveness and conduct of the Board.</p> <p>The CEO, assisted by his fellow Executive Director, has overall responsibility over the business units and day-to-day management of the Company, organisational effectiveness and implementation of Board policies, strategies and decisions.</p> <p>The distinct and separate roles of the Chairman and the CEO, with a clear division of responsibilities, ensure that there is a balance of power and authority, such that no one individual has unfettered powers of decision-making.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretaries are qualified and competent to act as the Company Secretary under the Section 235(2) of the Companies Act 2016 ("CA 2016").</p> <p>All Directors are given unrestricted access to the advice and services of the Company Secretaries.</p> <p>The Secretaries regularly update the Board on matters pertaining to the statutory requirements prescribed under the various statutes, in particular, the CA 2016, the Listing Requirements of Bursa Securities and in general, such other matters relating to secretarial practice.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All Directors have full unrestricted access to timely information pertaining to the Company.</p> <p>To facilitate the Directors' time planning, the annual meeting calendar is prepared and circulated in advance of each new year. The calendar provides Directors with schedule dates for meetings of the Board, Board Committees and Annual General Meeting, as well as the closed periods for dealing in securities by Directors and principles officers based on the targeted dates of announcements of the Group's quarterly results.</p> <p>The agenda for every Board and Board Committees meeting, together with a set of Board and Board Committees papers are furnished to all Directors for their perusal prior to the Board and Board Committees meetings. This is to ensure sufficient time is given to enable the Directors to review and consider the agenda items to be deliberated at the Board and Board Committees meetings.</p> <p>The Board can at any time request for additional information pertaining to any agenda items to be deliberated prior to or post Board meeting. In most instances, the senior Management are invited to attend the Board meetings to provide insight and to furnish clarification on issues that may be raised by the Board.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in minutes. The status of actions taken with reference to the previous minutes of meetings is updated in the matters arising for the Board's notation. The minutes are confirmed as correct record by the Board and Board Committees at the following meeting.</p> <p>The Directors have unrestricted access to the advice and services of the Company Secretaries, senior management and independent professional advisers including the External Auditors, at the Group's expense.</p>

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



### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter serves as a source reference to the Board for matters relating to the Board's organisation. It also provides guidance to the Board members in the performance of their duties, roles and responsibilities as Directors of MESB Berhad ("MESB"). It will also assist the Board in the assessment of its own performance and of its individual Directors.</p> <p>The Board Charter sets out the functions, duties and responsibilities, composition and structure of the Board, among others are:-</p> <ul style="list-style-type: none"><li>(a) Board responsibilities;</li><li>(b) Board size and composition;</li><li>(c) Roles of Chairman;</li><li>(d) Role of Chief Executive Officer;</li><li>(e) Role of Independent Director;</li><li>(f) Role of Individual Director;</li><li>(g) Appointment of Board members;</li><li>(h) Board Committees; and</li><li>i) Board procedures.</li></ul> <p>The Board Charter is periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have impact on the Board's responsibilities in discharging its governance function.</p> <p>The Board last reviewed the Board Charter on 10 October 2019 and the Board Charter is available on Company's website at <a href="http://www.mesbbhd.com">www.mesbbhd.com</a>.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised Ethical standard through Code of Conduct for Directors and Employees in discharging its oversight role effectively.</p> <p>The Code of Conduct is published on the corporate website at <a href="http://www.mesbbhd.com">www.mesbbhd.com</a> and has clearly stated the values and inspiring principles behind the achievement of its business objectives, which are of fundamental importance for the correct operation of its businesses.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises whistleblowing as an important mechanism in the prevention and detection of improper conduct, harassment or corruption in the conduct of the Group’s businesses and operations.</p> <p>The Board formalised the Whistleblowing Policy to provide an avenue for raising concerns related to any malpractice or misconduct of which become aware and importantly to provide protection for those who report allegations of such malpractices or misconducts. All reports will be investigated promptly. At the conclusion of the investigation, the findings of the investigation will be reported to the Audit Committee (“AC”) no later than at the next scheduled meeting for their deliberation. Decision taken by the AC will be implemented immediately. All employees including suppliers, agents and customers of the Group are encouraged to report any genuine matter or behavior that believe contravenes the Group’s Code of Conduct, policies or the law. Matters may include any actual or suspected:</p> <ul style="list-style-type: none"><li>• Bribery;</li><li>• Anti-trust;</li><li>• Money laundering;</li><li>• Criminal offence;</li><li>• Fraud;</li><li>• Failure to comply with any legal obligations and procedures;</li><li>• Danger to the health and safety of any individual; and</li><li>• Corporate misconduct.</li></ul> <p>The Whistleblowing Policy is available on the Company’s website at <a href="http://www.mesbbhd.com">www.mesbbhd.com</a>.</p>
<b>Explanation for departure</b>	:	

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company encourages objective and independent deliberation and decision-making.</p> <p>Currently, the Board comprises five (5) members, of whom three (3) are Independent Non-Executive Directors, and two (2) Executive Directors, where the Chairman is a Senior Independent Non-Executive Director. This is in compliance with Paragraph 15.02(1) of the Main Market Listing Requirements (“MMLR”) which states that at least two (2) directors or one-third (1/3) of the Board of Directors of a listed issuer, are Independent Directors.</p> <p>The Independent Non-Executive Directors are persons of high calibre and integrity, provide an independent judgment on the issues of strategy, performance and resource allocation proposed by the management. They carry sufficient weight in Board decisions to ensure long-term interest of the shareholders, employees, customers and other stakeholders.</p> <p>Pursuant to the definition of independence under the MMLR, all of the three (3) Independent Directors have satisfied their independence in the yearly assessment of the Independent Directors for the financial period ended 30 June 2019.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied – Two Tier Voting
<b>Explanation on application of the practice</b>	:	<p>The Board is of the view that the ability of long serving independent directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by tenure of service. The extended service should not affect their independence, as they are still able to provide independent judgment, experience and objectivity without being subordinated to operational considerations.</p> <p>En Saffie Bin Bakar and Mr Tan Yew Kim, an Independent Non-Executive Director (“INED”) of the Company, who have served with the Board for cumulatively more than 12 years and 9 years respectively.</p> <p>The Board through the NC has undertaken relevant assessment on their independence and has unanimously recommended that they shall remain as Independent Non-Executive Directors of the Company as they are qualified and can be entrusted to discharge their duties and responsibilities independently and objectively notwithstanding their tenure on the Board.</p> <p>The Board will seek shareholders' approval at the forthcoming 2019 Annual General Meeting to retain Mr Tan Yew Kim and En Saffie Bin Bakar.</p> <p>A two-tier voting process would be adopted when seeking the shareholders' approval to retain En Saffie Bin Bakar as Independent Non-Executive Director of the Company.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		



**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group practices non-discrimination in any form, whether based on age, gender, or cultural background, throughout the organisation.</p> <p>When assessing the suitability of a nominated candidate for appointment to the Board, the Nomination Committee (“NC”) [prior to the merge as Nomination &amp; Remuneration Committee] will review the Board composition matrix setting out the criteria and the gap and will consider the skill sets, expertise, industry knowledge and the needs of the Company.</p> <p>The NC is delegated with the responsibility in identifying, assessing and recommending to the Board, candidates for appointment as the Chairman, Director, Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”). In making its recommendations, to consider the candidates’ age, background, skills, knowledge, expertise and experience, professionalism, integrity and time efficiency and in the case of candidate for the position of Independent Non-Executive Directors, to evaluate the candidates’ ability, independence and time to discharge such responsibilities/functions as expected from Independent Non-Executive Directors. The results of such evaluation should be explained to the Board.</p> <p>The Group recognises gender diversity through its Board, Management and staff composition. The Board welcomes suitably and qualified female Directors to come on the Board subject to the evaluation and assessment by its Board Committees.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board recognises the importance of gender diversity, female on Board increase board effectiveness by contributing to better and more constructive discussions, leading to a better decision-making process during board meetings.</p> <p>The Board continually keeps in view the need to appoint suitable female Directors to the Board.</p> <p>The Board is of the view that while it is important to promote diversity, the normal selection criteria of a Director, based on effective blend of competencies, skills, experience and knowledge in areas identified by the Board, should remain a priority so as not to compromise on capabilities, experience and qualification.</p> <p>The Board is putting its efforts in getting other suitable women who could meet the objective criteria, merit and with due regard for diversity in skills, experience, age and cultural background to join the Board.</p> <p>However, the Group has more than 30% women representation in the senior positions within the Group.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practices</b>	:	<p>The NC is responsible for identifying and recommending suitable candidates for directorships to the Board. The NC leverages on several sources and gain access to a wide pool of potential candidates. The responsibilities of the NC is outlined in its Terms of Reference.</p> <p>In evaluating potential candidates, the NC will access directorship suitability based on objective criteria, including:</p> <ul style="list-style-type: none"><li>• Qualifications;</li><li>• Required competencies, skills, expertise and experience;</li><li>• Specialist knowledge or technical skills;</li><li>• Professionalism and Integrity; and</li><li>• Commitment to the Company.</li></ul> <p>The final decision on the appointment of a candidate recommended by the NC rests with the Board.</p> <p>The NC may also receive suggestions from existing Board members, Management, and major shareholders. The NC is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</p> <p>Internal promotion of senior Management as Executive Director is also looked into as career advancement for them.</p> <p>To ensure that Directors have sufficient time to fulfil their roles and responsibilities effectively, the criterion as agreed by the Board for determining candidates for the pool of potential Directors is that they must not hold directorships of more than five (5) public listed companies.</p> <p>During the financial period ended 30 June 2019, there was no appointment of new member to the Board or Board Committees.</p>
<b>Explanation for departure</b>	:	

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

### 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.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The NC is chaired by En Saffie Bin Bakar, a Senior Independent Non-Executive Director.</p> <p>On 10 October 2019, the NC and Remuneration Committee were merge and a new committee known as Nomination and Remuneration Committee ("NRC") was set up.</p> <p>The NRC comprises exclusively three (3) Independent Non-Executive Directors as follows:-</p> <ul style="list-style-type: none"><li>• Saffie Bin Bakar (Chairman)</li><li>• Tan Yew Kim (Member)</li><li>• Lee Kok Heng (Member)</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Through the NC, the Board has established a formal assessment process which will be carried out annually for evaluation of its own performance and the performance of its committee individual directors. The Board evaluation comprises a Board Assessment, an Individual Peer Assessment and an Assessment of Independence of Independent Directors.</p> <p>The Board evaluation comprises a set of questionnaires which covers 4 areas (i) Board Structure, (ii) Board operations and interactions, (iii) Board communications; and (iv) Board roles and responsibilities.</p> <p>Questionnaires on the above are sent out to the Board members by the Company Secretaries and summarised findings based on Directors' feedback and reviewed by the NC prior to submitting to the Board for deliberation and identify areas for improvement.</p> <p>Each individual Director undertook a peer assessment of their individual performance during the financial period ended 30 June 2019 based their attributes, personality and quality.</p> <p>The results of the assessment would form the basis of the NC's recommendation to the Board for the re-election of Directors at the forthcoming AGM.</p> <p>Based on the results of the assessment for the financial period ended 30 June 2019, it was concluded that the Board composition and Committees corresponding to its oversight duties and the developments of the Company strategy; comprised competent Directors and the Board has effective discharge its responsibilities.</p> <p>The NC also reviews the performance of the Audit Committee ("AC") annually by means of questionnaires completed by individual NC members which are then discussed at NC and Board meetings. These appraisals enable the NC to evaluate the effectiveness objectively and</p>

	<p>to conclude that the AC operated effectively under its terms of reference.</p> <p>The Board was satisfied with the overall performance of individual Director, Board and Board Committees for the financial period under review, including the character, experience, integrity, competence and time to effectively discharge his role as a Director of the Company.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee ("RC") [prior to the merge as Nomination &amp; Remuneration Committee] is authorised by the Board to establish a formal and transparent policies and procedures to determine the remuneration of Director and senior Management by reference to the Group's and the business units' performance and profitability, the prevailing market conditions and performance of individual Directors and senior Management whereas the compensation payment for Non-Executive Directors shall base on their efforts and time dedicated to the Company's affairs.</p> <p>The remuneration policy was adopted by the Board on 29 August 2019 and made available at our corporate website at <a href="http://www.mesbbhd.com">www.mesbbhd.com</a>.</p> <p>The RC annually reviews the remuneration packages of the Directors and the top five (5) senior Management by reference to the Company's financial performance and individual's performance, and discuss remuneration related matters. Thereafter, recommend to Board for approval. Besides, the RC proposes quantum of Directors' fees to the Board for further recommendation to the shareholders for approval.</p> <p>The Non-Executive Directors are paid an annual fixed fee for serving on the Board which is recommended by the Board of Directors as a whole and approved by the shareholders at the AGM.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Board has established a RC which only comprised of Independent Non-Executive Directors, and to assists the Board on matters relating to the remuneration of the Board and senior management.</p> <p>The RC discharged its responsibilities in remuneration function as set out in the Terms of Reference as follows:-</p> <ol style="list-style-type: none"><li>1. To recommend and advise the Board of Directors the remuneration and terms of conditions (and where appropriate, severance payments) of the Executive Directors.</li><li>2. To establish a formal and transparent procedure for developing policy on remuneration packages of individual directors and senior management, taking into consideration the following:<ul style="list-style-type: none"><li>• In case of executive directors and senior management, the component parts of remuneration should be structured on the basis of their merit, qualification and competence, having regard to the company's operating results, individual performance and comparable market.</li><li>• In the case of non-executive directors, the level of remuneration should reflect the experience and level of responsibility undertaken by the non-executive concerned.</li><li>• The remuneration of the non-executive directors shall be a matter for the Board.</li></ul></li><li>3. Where possible, and to allow it to meet its duties, the RC should seek comparative information on remuneration and conditions of service in comparable organisations, within and without sectors</li></ol>

	<p>of industry. The RC may engage remuneration consultants and other advisers or otherwise obtain such independent legal or other professional services as it requires, at the expense of the Company, with prior consent of the Board.</p> <ol style="list-style-type: none"> <li>4. When considering severance payments, the RC should bear in mind that it must represent the public interest and avoid any inappropriate use of public funds. Care would be taken to avoid determining a severance package that public opinion might deem to be excessive.</li> <li>5. To review the recommendations of the CEO on remuneration, compensation and benefits package of the senior Management, to ensure their contributions for the year and which are competitive and consistent with the Company's culture and strategy.</li> <li>6. To review and if deemed appropriate, endorse for the Board's approval, the annual bonus and salary increment framework for the Group's senior management, as recommended by the CEO.</li> <li>7. To recommend to the Board the remuneration policies and procedures for directors and senior management as well as the terms and reference of the RC.</li> <li>8. To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.</li> </ol> <p>The Terms of Reference of RC is made available on the Company's corporate website at <a href="http://www.mesbbhd.com">www.mesbbhd.com</a>.</p>	
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments are made in the Company's Annual Report 2019.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company notes the need for corporate transparency in the remuneration of its key senior management executives, however, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure may be detrimental to the business interests and give rise to recruitment and talent retention issues.</p> <p>The Company also believes that the non-disclosure of the information on key personnel and their remuneration will not:-</p> <ul style="list-style-type: none"> <li>• affect the interest of its shareholders; and</li> <li>• add significant value and understanding towards the evaluation of the Company's standard of Corporate Governance.</li> </ul> <p>The RC will annually review the individual top senior Management remuneration packages to ensure fairness and internal equity, while maintaining market competitiveness in terms of the structure, scope and level of executive compensation within the Group.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### 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.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee is chaired by an Independent Non-Executive Director, Mr Tan Yew Kim, who is not the Chairman of the Board.</p> <p>The Chairman of the AC of the Company is neither the Chairman of the Board nor other Board Committee's Chairman as our Board acknowledges that the AC being an independent, objective body, it should function as the Company's independent watchdog to ensure the integrity of financial controls, combined assurance and effective financial risk management.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### 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.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Company recognised the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the AC of the Company were former key audit partners of the external auditors appointed by the Company. The Company will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the AC was a key audit partner of the external auditors of the Group.</p> <p>The requirement for a former key audit partner to observe a cooling off period of at least two (2) years before being appointed as a member of the AC is part of the Terms of Reference of the AC.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The AC of the Company is responsible for reviewing, assessing and monitoring the performance, suitability and independence of external auditors.</p> <p>The AC conducted an annual assessment of the suitability and independence of the external auditors, Messrs. KPMG PLT ("KPMG"), in respect of the financial period under review. The AC was satisfied with the performance and independence of the external auditors as well as the fulfillment of criteria based on several factors, including independence of the external auditors, quality of audit review procedures and adequacy of the firm's expertise and its resources to carry out the audit work that they were tasked with.</p> <p>KPMG had also provided written confirmation to the AC that they had been independent throughout the audit engagement in respect of the financial under review.</p> <p>Having considered all the above criteria, the Board had upon recommendation by the AC, approved the recommendation for the re-appointment of KPMG as external auditors of the Company for the ensuing year for the shareholders' approval at the forthcoming Annual General Meeting.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied.
<b>Explanation on adoption of the practice</b>	:	The AC has three (3) members, all of whom are Independent Non-Executive Directors (INED"). The INED of the Company satisfy the independence test under the Main Market Listing Requirements.

## 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.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The members of the AC including the AC Chairman have relevant accounting knowledge or related financial management expertise and experience to discharge the AC's duties and responsibilities. All members of the AC are able to understand, analyse and, when necessary, challenge the matters and issues under the purview of the AC, including the financial reporting process.</p> <p>The NC conducts an annual assessment of the AC as a whole to ensure that the AC carries out their duties in accordance with the Terms of Reference of the AC. Based on the outcome of the assessment carried out in August 2019, the NC and the Board was satisfied with the performance of the AC as a whole.</p> <p>The AC was mindful of the introduction of the new financial reporting standards, which was briefed by an external auditors during the financial period under review.</p> <p>In addition, all members of the AC are encouraged to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>The details of the training attended by the AC members for the financial period ended 30 June 2019 are disclosed in the Annual Report 2019.</p>
<b>Explanation for departure</b>	:	

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

### 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.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Board has overall responsibility for maintaining a system of internal control and risk management that enables the Company to make informed decisions with reasonable assurance of achieving effective and efficient operations and compliance with laws and regulations, as well as with internal procedures and guidelines.</p> <p>The Board has established a risk management framework which adopts a structured and integrated approach in managing key risks encountered by the Group. This framework together with the internal control system are designed to manage and mitigate the Group’s risks within an acceptable risk appetite.</p> <p>The AC assists the Board in reviewing the adequacy and effectiveness of the Group’s risk management and internal control system as a whole. The internal audit function is outsourced to independent professional firm to evaluate the adequacy and effectiveness of the Group’s internal control systems through their internal audit review and finding. In addition, the Management has confirmed to the Board on the adequacy and effectiveness of the Group’s internal control system.</p> <p>The Statement on Risk Management and Internal Control set out in the Annual Report 2019 provides an overview of the internal control within the Group for the financial period under review.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### 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.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of sound risk management and internal control practices for good corporate governance. The Board affirms its responsibility for ensuring the Group’s system is able to adequately and effectively manage significant risks. The Group has in place an ongoing process for identifying, evaluating and managing significant risks through a framework which includes a reporting structure. The Group’s system of internal control is designed to manage and control risks appropriately, rather than eliminate the risk of failure to achieve business objective. Due to the inherent limitations in all control systems, these control systems can only provide reasonable and not absolute assurance.</p> <p>The features of the risk management and internal control framework of the Group and its adequacy and effectiveness are set out in the Statement on Risk Management and Internal Control as contained in the Company’s Annual Report 2019.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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.

<b>Application</b>	:	Applied.
<b>Explanation on adoption of the practice</b>	:	The RMC comprise majority Independent Directors with three (3) Independent Directors and two (2) Executive Directors. The RMC is currently chaired by an Independent Director, Mr Lee Kok Heng.

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC recognises that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness and adequacy of the Group's internal control system.</p> <p>Accordingly, the Company's internal audit function has outsourced to an independent professional firm, Smart Focus Group Sdn. Bhd. to assist the AC in discharging its duties and responsibilities in respect of reviewing and assessing the adequacy and effectiveness of the Group's risk management and internal control systems. The Internal Auditors reports directly to the AC, which in turn report to the Board.</p> <p>In performing their duties, the Internal Auditors have free and unfettered access to information and to meet with any of the department heads or persons-in-charge.</p> <p>The internal audit function of the Company is effective and remains independent all the time. The internal audit function is set out in the Statement of Risk Management and Internal Control and Audit Committee Report.</p> <p>The Internal Auditors carried out the internal audit function based on the internal audit plan approved by the AC. The results of these reviews have been presented to the AC at their scheduled meetings. Follow up reviews were also conducted to ensure that the recommendations for improvement have been implemented by Management on a timely basis.</p> <p>The Internal Auditors communicate regularly and report directly to the AC on their activities based on the approved Annual Internal Audit Plan to ensure their independent status within the Group.</p> <p>The Internal Auditors are also invited to attend the meetings of the AC, whenever required.</p>
<b>Explanation for departure</b>	:	

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

## 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.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Company outsourced the internal audit function to Smart Focus Group Sdn. Bhd. and their engagement team is headed by the Assurance Division Director, namely Ms.T.Kanageswari. She graduated from University of Hertfordshire, United Kingdom in Finance. She is a Professional Member of the Institute of Internal Auditors Malaysian. She has vast experience and exposure in the Internal Audit field. She was assisted by a team of internal Auditors for all the assignments during the financial period under review. The Internal Auditors are free from any relationship or conflicts of interest which could impair the objectivity and independence of the Internal Audit during the financial review period.</p> <p>Internal Audit Function (“IA”) provides independent assessment on the effectiveness and efficiency of internal controls utilizing a global audit methodology and tool to support the reviews. IA adopts the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors, the definition of Internal Auditing, Code of Ethics, Practices and Framework in order to ensure standardisation and consistency in providing the assurance services.</p> <p>The information on internal audit functions are disclosed in the Annual Report 2019.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the need for transparency and accountability to the Company's shareholders and regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company.</p> <p>The Board ensures that a dedicated section governing the Board and Shareholders relationship be included in the Board Charter, thereby formalising the Board's commitment to serving the best interest of the shareholders.</p> <p>The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Malaysia Securities Berhad, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at <a href="http://www.mesbbhd.com">www.mesbbhd.com</a> where shareholders and prospective investors can access corporate information, annual reports, financial information and company announcements.</p> <p>To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, <a href="mailto:mesb@mesbbhd.com">mesb@mesbbhd.com</a> to which stakeholders can direct their queries or concerns.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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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 11.2

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

<b>Application</b>	:	Departure.
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company is not classified "Large Company" under the Malaysian Code on Corporate Governance.</p> <p>The Board is of the view that the current reporting in the Annual Report 2019 has adequately provided to the shareholders the relevant, complete, concise and comprehensive financial and non-financial information required.</p> <p>The Group continuously enhances its annual report, in order to improve its communication with its stakeholders with respect to the business of the company, its policies on governance, the environment and social responsibility.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Annual Report, which contains the Notice of Annual General Meeting (“AGM”), was sent to the shareholders at least 28 days prior to the date of the meeting to give sufficient time to shareholders to consider the resolutions that will be discussed and decided at the AGM.</p> <p>The Notice of AGM, which sets out the businesses to be transacted at the AGM, was also published in a major local newspaper.</p> <p>The notes to the Notice of AGM also provide detailed explanation for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.</p> <p>In last AGM, all the resolutions set out in the Notice of 23rd AGM held on 27 September 2018 were put to vote by poll and were duly passed. The outcome of the AGM was announced to Bursa Malaysia Securities Berhad on the same day.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied.	
<b>Explanation on application of the practice</b>	:	At the 23rd Annual General Meeting held on 27 September 2018, all the Directors were present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company.  In addition to the above, members of the senior Management and external auditors of the Company have also attended and will continue to attend the AGM to respond to the shareholders' queries.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	<b>Departure</b>
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Company has less than 1,500 shareholders as such, while all practical efforts are taken to ensure that shareholders' ability to participate at general meetings, considering the cost involved, it is not economically justifiable to enable voting in absentia or remote shareholders' participation at general meetings. Nonetheless, with the advent technology, the appointed proxies may communicate with shareholders instantaneously on matters deliberated at all general meetings.
		The Company's AGM has always been held at Kuala Lumpur. This venue was easily accessible and was familiar to the shareholders of the Company.
		The Company has adopted manual polling for 23rd Annual General Meeting held on 27 September 2018. As for voting in absentia and remote shareholders' participation, the existing proxy form authorising proxy(ies) or Chairman of meeting is an alternative measure adopted by the Company.
		As an alternative to the recommended practice, shareholders who are unable to attend general meetings are allowed to appoint their respective proxies to participate, speak and vote on their behalf at all general meetings the Company.
		The summary of key matters discussed at AGM will be published at the Company's corporate website.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES  
PERSUANT 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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