

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6017
COMPANY NAME : SHL CONSOLIDATED BHD
FINANCIAL YEAR : March 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board reviewed the strategic plans and budget and challenged the Management's assumptions and views to ensure that they are achievable and workable.</p> <p>The Board supervised and is kept informed of key strategic initiatives and significant operational issues and the Group's performance on regular basis.</p> <p>The Board has overall responsibility to ensure that the Group has the capability and necessary framework to manage risks in new and existing businesses with the risks appetite that the Group undertakes to achieve its corporate objectives.</p> <p>The Risk Management Committee report to the Audit Committee and the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the group. The Audit Committee reviews the risk management policies formulated by the Management and makes relevant recommendations to the Board for approval.</p> <p>The Board believes in carrying out succession planning for itself, the Chairman and senior management is to ensure continuity of leadership. Board and senior management renewal is a continuing process and in this regard, the Nomination Committee reviews the composition of the Board and senior management, which includes its size and mix and recommends to the Board the selection and appointment of new Directors and senior management, whether in addition to the existing Board members and senior management or as replacement of retiring Board members and senior management, with a view to identify any gaps in the Board's skills set taking into account the Group's business operations. The Board will be able to function smoothly notwithstanding any resignation or retirement of any Director and senior management given the present number of members and mix of competencies on the Board and senior management.</p> <p>The Board continually implements and reviews the adequacy and effectiveness of the Group's risk management and internal control system and ensures that risks have been managed within the Group's risk appetite and tolerable ranges and the system is viable and robust.</p>

	<p>The Group recognises the importance of being accountable to its investors and as such has maintained an active and constructive communication policy to enable the Board and Management to communicate effectively with its shareholders, stakeholders and the public generally.</p> <p>The timely release of quarterly financial results of the Group and the issue of the Group's Annual Reports provide regular information on the state of affairs of the Group. These, together with the announcement to Bursa Malaysia Securities Berhad, circulars to shareholders and, where appropriate, ad-hoc press statements and interviews are the principal channels for dissemination of information to its shareholders, stakeholders and the public generally.</p> <p>In addition, the Group has established a web site at www.shlcb.com.my, where shareholders can access for information.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman is a non-executive member of the Board. His responsibilities are provided under Clause 3.4 of the Board Charter as follows:-</p> <ul style="list-style-type: none"> a)leading the Board in setting the values and standards of the Company; b)the leadership of the Board and ensuring its effectiveness on all aspects of its role and setting its agenda; c)maintaining a relationship of trust with and between the Executive and Non-Executive Directors; d)ensuring the provision of accurate, timely and clear information to Directors; e)ensuring effective communication with shareholders and relevant stakeholders; f)arranging regular evaluation of the performance of the Board, its Committees and individual Directors; g)facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors; h)facilitating the ongoing development of all Directors; i)to lead the Board and ensure its effectiveness of all aspects of its role; j)to ensure the efficient organization and conduct of the Board's function and meetings; k)to facilitate the effective contribution of all Directors at Board meetings; l)to promote constructive and respectful relations between Directors, and between the Board and Management; and m)to ensure effective communication with shareholders and relevant stakeholders.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman is Y.A.M. Tengku Abdul Samad Shah Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah and Executive Directors are Dato' Sri Yap Teiong Choon & Dato' Sri Yap Chong Lee.</p> <p>The Chairman is responsible for running the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in the Board decisions and does not participate in the day to day management of the Group. The Executive Directors are responsible for the day-to-day management of the business as well as the implementation of Board's policies and decisions.</p> <p>The roles of the Chairman and Executive Directors are clearly stated in the board charter and are available for reference at ww.shlcb.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a qualified and competent Company Secretary to provide sound governance advice, ensure adherence to Board policies, rules and procedures, and advocate adoption of corporate governance best practices. The Directors always have access to the advice and services of the Company Secretary especially relating to procedural and regulatory requirements of the company and securities laws and regulations, governance matters and Main Market Listing Requirements.</p> <p>The Company Secretaries attend all Board and Committee meetings and ensure that all Board procedures are followed and complies with all applicable statutory and regulatory rules. Together with the Management, the Company Secretaries also assist the Board Chairman, the Board and Committees to implement and strengthen corporate governance practices and processes, including facilitating orientation for newly appointed Directors and appointments to Committees, and continuing training and development for the Directors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied	
Explanation on application of the practice	:	<p>The relevant information or reports together with the agenda are circulated in a timely manner at least two (2) weeks prior to schedule board meetings. The Directors shall have full and unlimited access to any information pertaining to the Group. The Directors shall have direct communication channels with the internal and external auditors and with senior management of the Group. This enables the Directors to discuss the issues effectively at the board meetings.</p> <p>Beside board meetings, the Directors are also provided with updates via email or physical copies of reports as and when there are any new developments on the Group's business or any changes to the latest statutory and/or regulatory requirements.</p> <p>The Directors can obtain, at the expense of the Group, external legal or other independent professional advice they consider necessary.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is guided by the Board Charter which clearly defines the respective roles and responsibilities of the Board, Board committees, individual Directors and Management as well as matters reserved for the Board.</p> <p>The Board reviews the Board Charter from time to time and the last review was carried out in May 2018.</p> <p>The Board Charter is available on the Company's website at www.shlcb.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has adopted a Code of Ethics to regulate the standards and ethical conduct of the Group's employees and provides a communicable and understandable framework for all staff to observe these values and principles.</p> <p>The Code of Ethics covers all aspects of the Group's business operations, such as confidentiality of information, dealings in securities, protection of assets and funds, compliance with Malaysian statutory laws and regulations, personal gifting, gratuities or bribes, health and safety, fair and courteous behavior, dishonest conduct and sexual harassment.</p> <p>The Board reviews the Code of Ethics from time to time and the last review was carried out in May 2018.</p> <p>The Code of Ethics is available on the Company's website at www.shlcb.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group Whistle Blowing Policy (WBP) provides a mechanism for employees or any external party to raise serious concerns about wrongdoing, violations and improper conduct and get feedback on any action taken as a result.</p> <p>An employee raises concern in good faith and reasonably believed to be true will be protected from possible reprisal, victimisation, unfair dismissal or harassment.</p> <p>The Board is responsible for overseeing the implementation of the WBP and the Audit Committee Chairman / Senior Manager is responsible for receiving whistleblower reports and makes final decision on action to be taken.</p> <p>The Whistle Blowing Policy is available on the Company's website at www.shlcb.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	The Board comprises seven (7) Directors. Out of the seven (7) Directors two (2) Executive Directors, two (2) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors.	
		Alternative practice: As the company is a non large company, the Nomination Committee may consider to identify potential candidates for appointment of independent directors including seeking for recommendation from existing directors and from independent sources.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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 Company has adopted a policy to limit the tenure of independent directors to a maximum of 9 years. To-date, one (1) of the Independent Non-Executive Directors, namely Mr Souren Norendra, has served more than nine (9) years on the Board.
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	:	Adopted
Explanation on adoption of the practice	:	The tenure of the Independent Directors shall not exceed a cumulative term limit of 9 years. If the Board intends to retain an Independent Director beyond 9 years, it shall justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth year, annual shareholders' approval must be sought through a two-tier voting process. Mr Souren Norendra (Senior Independent Non-Executive Director), has served more than nine (9) years on the Board.

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	:	In reviewing and recommending to the Board any new Director appointments, the Nomination Committee considers: a)the candidate's independence, in the case of the appointment of an Independent Non-Executive Director; b)the composition requirements for the Board and Committees (if the candidate is proposed to be appointed to any of the Committees); c)the candidate's age, track record, experience and capabilities and such other relevant factors as may be determined by the Nomination Committee which would contribute to the Board's collective skills; and d)any competing time commitments if the candidate has multiple board representations.
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 4.5

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	:	The Board does not have any female director.	
		Alternative practice: As the company is a non large company, the Nomination Committee may consider to identify potential women candidates for appointment including seeking for recommendation from existing directors and from independent sources.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied	
Explanation on application of the practice	:	In identifying the candidates for appointment as Directors, the Nomination Committee (NC) considers the criteria such as the required mix of skills, experience and knowledge, which the Directors bring to the Board. Other than relying on the recommendations from the existing Board members, Management and/or major shareholders, the NC also explores independent sources to identify suitably qualified candidates through recommendations from external parties including the Company’s contacts in the finance, legal, accounting, construction and property development professions.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	Chairman : Senior Independent Non-Executive Director (Mr. Souren Norendra)	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee assesses the Board's performance as a whole annually, using objective and appropriate quantitative and qualitative criteria which were recommended by the Nomination Committee and approved by the Board. When assessing the overall Board performance, the Nomination Committee takes into consideration the feedback from individual Directors on areas relating to the Board's competencies and effectiveness.</p> <p>The results of the overall evaluation of the Board by the Nomination Committee including its recommendation, if any, for improvements are presented to the Board.</p> <p>The annual evaluation process for the individual Directors' performance comprises three parts:</p> <ul style="list-style-type: none">a) background information concerning the Directors including their attendance records at Board and Committee meetings;b) questionnaires for completion by all individual Board members; andc) Nomination Committee's evaluation based on certain assessment parameters. <p>The questionnaires and the assessment parameters were recommended by the Nomination Committee and approved by the Board. The completed questionnaires are then reviewed by the Nomination Committee before the Nomination Committee completes its evaluation of the individual Directors. When deliberating on the performance of a particular Director who is also a member of the Nomination Committee, that member abstains from the discussions in order to avoid any conflict of interests. The results of the individual evaluation of the Directors are also used by the Nomination Committee to review, where appropriate, the composition of the Board and Committees, and to support its proposals, if any, for appointment of new members and its recommendations for the re-appointment and re-election of retiring Directors. Comments from the Directors, if any, concerning the Board as a whole and the general performance of the Directors, are also presented to the Board.</p>

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

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The performance of directors is measured by directors' contribution and commitment to both the Board and the Group and the Remuneration Committee take into consideration the following to determine remuneration of directors:</p> <ul style="list-style-type: none">i)to recommend the remuneration framework for Non-Executive Directors;ii)to evaluate, deliberate and recommend the remuneration package of Executive Directors;iii)to ensure individual directors abstain from making decisions in respect of their individual remuneration; andiv)to ensure that the remuneration packages are competitive in attracting and retaining directors capable of meeting the Company's needs. <p>The Board as a whole determines the remuneration of Non-Executive Directors and each individual Director abstains from the Board's decision on his own remuneration.</p> <p>The Remuneration Committee met one (1) time during the year and was attended by all its members. They discuss and review the Executive and Non-Executive Directors' remuneration, whereupon recommendations are submitted to the Board for review. Subsequently the Board present the proposed directors' remuneration to the shareholders for approval.</p> <p>The Board reviews the Term of Reference of Remuneration Committee from time to time and the last review was carried out in May 2018.</p> <p>The Term of Reference of Remuneration Committee is available on the Company's website at www.shlcb.com.my.</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

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 duties and responsibilities of the Remuneration Committee are available on Company's website at www.shlcb.com.my . The Remuneration Committee reviews, determines and recommends to the Board of Directors the remuneration of Executive Directors, Non-Executive Directors, including Non-Executive Chairman and Senior Management. During the financial year ended 31 March 2019, the Remuneration Committee met one (1) time during the year and was attended by all its members. They discussed and reviewed the Executive and Non-Executive Directors and Senior Management remuneration, whereupon recommendations are submitted to the Board for review. Subsequently the Board present the proposed directors' fees to the shareholders for approval.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application :	Applied																																																																				
Explanation on application of the practice :	<p>In line with the best corporate governance practice, the disclosure of the directors' remuneration on a named basis has been made at the financial year ended 31 March 2019 is set out as below.</p> <p>Aggregate remuneration received by Directors are categorised into the following components:</p> <table border="1" data-bbox="480 884 1422 1518"> <thead> <tr> <th rowspan="2">Name of Director</th> <th>Company</th> <th colspan="4">Subsidiaries</th> <th rowspan="2">GROUP TOTAL (RM)</th> </tr> <tr> <th>Directors' Fees (RM)</th> <th>Salary and Bonus (RM)</th> <th>Allowances (RM)</th> <th>EPF, Socso & EIS (RM)</th> <th>TOTAL (RM)</th> </tr> </thead> <tbody> <tr> <td>Y.A.M. Tengku Abdul Samad Shah Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah</td> <td>38,000</td> <td>170,000</td> <td>-</td> <td>-</td> <td>170,000</td> <td>208,000</td> </tr> <tr> <td>Dato' Sri Yap Teiong Choon</td> <td>38,000</td> <td>796,510</td> <td>-</td> <td>42,480</td> <td>838,990</td> <td>876,990</td> </tr> <tr> <td>Dato' Sri Yap Chong Lee</td> <td>38,000</td> <td>796,510</td> <td>-</td> <td>42,480</td> <td>838,990</td> <td>876,990</td> </tr> <tr> <td>Wong Tiek Fong</td> <td>38,000</td> <td>267,240</td> <td>12,000</td> <td>33,054</td> <td>312,294</td> <td>350,294</td> </tr> <tr> <td>Souren Norendra</td> <td>38,000</td> <td>-</td> <td>12,000</td> <td>-</td> <td>12,000</td> <td>50,000</td> </tr> <tr> <td>Ng Chin Hoo</td> <td>38,000</td> <td>-</td> <td>12,000</td> <td>-</td> <td>12,000</td> <td>50,000</td> </tr> <tr> <td>Au Lai Koong</td> <td>38,000</td> <td>203,048</td> <td>12,000</td> <td>25,383</td> <td>240,431</td> <td>278,431</td> </tr> <tr> <td>TOTAL</td> <td>266,000</td> <td>2,233,308</td> <td>48,000</td> <td>143,397</td> <td>2,424,705</td> <td>2,690,705</td> </tr> </tbody> </table>	Name of Director	Company	Subsidiaries				GROUP TOTAL (RM)	Directors' Fees (RM)	Salary and Bonus (RM)	Allowances (RM)	EPF, Socso & EIS (RM)	TOTAL (RM)	Y.A.M. Tengku Abdul Samad Shah Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	38,000	170,000	-	-	170,000	208,000	Dato' Sri Yap Teiong Choon	38,000	796,510	-	42,480	838,990	876,990	Dato' Sri Yap Chong Lee	38,000	796,510	-	42,480	838,990	876,990	Wong Tiek Fong	38,000	267,240	12,000	33,054	312,294	350,294	Souren Norendra	38,000	-	12,000	-	12,000	50,000	Ng Chin Hoo	38,000	-	12,000	-	12,000	50,000	Au Lai Koong	38,000	203,048	12,000	25,383	240,431	278,431	TOTAL	266,000	2,233,308	48,000	143,397	2,424,705	2,690,705
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TOTAL	266,000	2,233,308	48,000	143,397	2,424,705	2,690,705																																																															

	Number of Directors whose remuneration falls into the following bands:																																																
	<table border="1"> <thead> <tr> <th rowspan="3">Range of remuneration</th> <th colspan="3">Number of Directors</th> <th rowspan="3">TOTAL</th> </tr> <tr> <th rowspan="2">Executive</th> <th colspan="2">Non - Executive</th> </tr> <tr> <th>Independent</th> <th>Non-Independent</th> </tr> </thead> <tbody> <tr> <td>RM50,000</td> <td>-</td> <td>2</td> <td>-</td> <td>2</td> </tr> <tr> <td>RM100,001 to RM150,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>RM150,001 to RM200,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>RM200,001 to RM250,000</td> <td>-</td> <td>-</td> <td>1</td> <td>1</td> </tr> <tr> <td>RM250,001 to RM300,000</td> <td>-</td> <td>-</td> <td>1</td> <td>1</td> </tr> <tr> <td>RM300,001 to RM350,000</td> <td>-</td> <td>-</td> <td>1</td> <td>1</td> </tr> <tr> <td>RM850,001 to RM900,000</td> <td>2</td> <td>-</td> <td>-</td> <td>2</td> </tr> </tbody> </table>				Range of remuneration	Number of Directors			TOTAL	Executive	Non - Executive		Independent	Non-Independent	RM50,000	-	2	-	2	RM100,001 to RM150,000	-	-	-	-	RM150,001 to RM200,000	-	-	-	-	RM200,001 to RM250,000	-	-	1	1	RM250,001 to RM300,000	-	-	1	1	RM300,001 to RM350,000	-	-	1	1	RM850,001 to RM900,000	2	-	-	2
Range of remuneration	Number of Directors			TOTAL																																													
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RM850,001 to RM900,000	2	-	-	2																																													
Explanation : for departure																																																	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																																																	
Measure :																																																	
Timeframe :																																																	

Intended Outcome

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

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the opinion that it is not to the Company's advantage or best business interest for such disclosure considering the highly competitive market for talents in the property development industry.	
		Alternative practice: The Board will monitor the market practice in respect of such disclosure for future consideration.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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	:	Board Chairman: Y.A.M. Tengku Abdul Samad Shah Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah. Audit Committee Chairman: Souren Norendra (Senior Independent Non-Executive Director)	
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	:	The Audit Committee (AC) has a policy that requires a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the AC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee reviews the independence and objectivity of the external auditors and the services provided, including quality of services, audit planning independence, objectivity and professional skepticism, annual non-audit services and is satisfied that the external auditors is competent and with audit independence. The External Auditors has confirmed in writing that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independent criteria set out by the Malaysian Institute of Accountants.	
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	:	Members of the Audit Committee have participated and continue to undergo the relevant training programmes to further enhance their skill and knowledge as well as the latest statutory and/or regulatory requirements in discharging their fiduciary duties to the Company. The training programmes and seminars attended by Audit Committee are as follows:- 1) Audit Committee Institute (ACI) Breakfast Roundtable 2018. 2) MIA International Accountant Conference 2018. 3) Sustainability Engagement Series for Directors/Chief Executive Officers 2018 (Main Market).
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee of the Group, with the assistance of the Risk Management Committee (RMC), performs risk management assessments and through the Internal Audit Department, reviews the internal control processes, and evaluates the adequacy and effectiveness of the risk management and internal control system.</p> <p>The RMC was established to oversee and perform reviews on the Group’s risk management processes. The RMC is chaired by Chief Risk Officer and includes Head of business units of the Group. The RMC reports to the Audit Committee where key risks and mitigating actions are deliberated and implemented.</p> <p>The Board reviewed the effectiveness of risk management and internal controls annually and ensured that they are effective and efficient.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has overall responsibility to ensure that the Group has the capability and necessary framework to manage risks in new and existing businesses and has established an ongoing process for identifying, evaluating and managing significant risks faced by the Group.</p> <p>The formalization of the Enterprise Risk Management Framework involves the following initiatives:</p> <ol style="list-style-type: none">1. A formal risk policy and guidelines have been established and communicated to all employees throughout the Group.2. A risk management structure which outlines the lines of reporting and responsibility at the Board, Audit Committee, Risk Management Committee and management levels have been established. The risk management structure enhances risk oversight and monitoring process.3. The Audit Committee's risk management function is assisted by the Risk Management Committee (RMC), whose members comprise of senior management. The Risk Management Committee is responsible for ensuring the effectiveness of the risk management framework of the Group, the objective of which is to provide enterprise risks involved in property investment, property development, construction, manufacturing, recreation and management activities and a systematic process for identification, assessment, management and reporting of such risks on a consistent and reliable basis. The Risk Management Committee is mandated to focus on key strategic risks whilst also to ensure that the business units are responsible for the day-to-day tracking, monitoring and control of risks within their operations.4. Chief Risk Officers continuously carry out their responsibilities to identify, assess and prioritize the risks faced by the Group based on the likelihood of occurrence and magnitude of impact and also to assist management in identifying procedures or steps to be taken to manage or control these risks.

	<p>5. The Group Management’s implementation of a group-wide risk assessment process identifies the key risks facing each business, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans being taken to manage those risks to the desired level. The risk profile for the Group and individual business units is produced by an automated risk management system, and together with the risk registers, are reported by the Risk Management Committee to the Audit Committee on a yearly basis. The Chairman of the Audit Committee reports the significant risks and control issues to the Board for its consideration.</p> <p>6. Ongoing risk management education and training is provided at management and staff levels.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ensures that the Internal Audit Department (IAD) is independent of the activities or operations of other operating units and allow unrestricted access to all information and documents.</p> <p>The Committee also reviewed the Internal Audit Department’s resources requirements, programmes and plans to ensure it can function effectively and adequately.</p> <p>The Group’s Internal Audit function is carried out by the Internal Audit Department. The IAD evaluated the adequacy and effectiveness of key controls in responding to risks within the organisation’s governance, operations and information systems, in terms of:</p> <ul style="list-style-type: none"> a) Reliability and integrity of financial and operational information; b) Effectiveness and efficiency of operations; c) Safeguarding of assets; and d) Compliance with relevant laws, regulations and contractual obligations. <p>The internal audit reports arising from the audit assignments were issued to the respective business unit management for their responses and Management were made responsible to ensure that the agreed corrective actions to be taken to address the reported risks and weaknesses were taken promptly within the required timeframes. Follow-up audit engagements were carried out by IAD to ensure that the key corrective actions were implemented appropriately. The internal audit reports were subsequently tabled to the AC for its review.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit Charter confirmed to the Board (via The Audit Committee) the organizational independence of the internal audit activities.</p> <p>All auditing endeavours are conducted in compliance with the Institute of Internal Auditors'(IIA) Definition of Internal Auditing, Code of Ethics and the International Standard for Professional Practice of Internal Auditing.</p> <p>All Internal Audit personnel confirmed via the declaration that they are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>The Internal Audit function has 4 personnel comprises Head of Internal Audit and 3 Internal Auditors. The Head of Internal Audit, Wong Yee Mun from TAR College having 36 years of audit experience as External & Internal Auditor. The rest of the Internal Auditors are university degree holders.</p> <p>The Audit Committee was satisfied that the Internal Audit function is performed in accordance with the IIA's Definition of Internal Auditing and Code of Ethics and conforms with the International Standards for Professional Practice of Internal Auditing.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	At the AGM, all Directors were present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Group. The Chairman invited shareholders to raise questions pertaining to the Group's accounts and other items for adoption at the meeting, before putting a resolution to vote. The Directors, Chief Financial Officer (CFO), Management and external auditors were in attendance to respond to the shareholders' queries. The Executive Directors and CFO also shared with the shareholders in relation to the Group's response to enquiries submitted in advance of the AGM by the Minority Shareholders Watchdog 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

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 Board is of the view that the current reporting in the Annual Report 2019 has provided the financial and non-financial information in a fairly comprehensive overview to the shareholders and stakeholders. As such, the Board would keep in abeyance of the need of adoption of the International Integrated Reporting Framework until a time to be determined later.
		The fairly comprehensive financial and non-financial information in the Annual Report, including Corporate Governance Report, Sustainability Statement and Management Discussion and Analysis have provided adequate information to the stakeholders.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	Notice of AGM to shareholders at least 21 days before the AGM by enclosing the notice of AGM, which provides information to the shareholders with regard to, details of the AGM, their entitlement to attend the AGM, the right to appoint a proxy and also the qualifications of a proxy.	
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	:	At the AGM, all Directors were present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Group. The Chairman invited shareholders to raise questions pertaining to the Group's accounts and other items for adoption at the meeting, before putting a resolution to vote. The Directors, Chief Financial Officer (CFO), Management and external auditors were in attendance to respond to the shareholders' queries. The Executive Directors and CFO also shared with the shareholders in relation to the Group's response to enquiries submitted in advance of the AGM by the Minority Shareholders Watchdog 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

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

Practice 12.3

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	In line with the recent amendments to the Main Market Listing Requirements of Bursa Securities, the Group implements poll voting for all the resolutions set out in the Notice of AGM and appoints a scrutineer to validate the votes cast at AGM. The 24th Annual General Meeting was held at Corus Hotel, Jalan Ampang, 50450 Kuala Lumpur. This venue was easily accessible by public transport such as LRT and buses.	
		Alternative practice: Shareholders are allowed to appoint any person(s) as their proxies to attend the general meeting.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

**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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