

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7094  
**COMPANY NAME** : Eurospan Holdings Berhad  
**FINANCIAL YEAR** : May 31, 2021

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The responsibilities of the Board of Directors of Eurospan Holdings Berhad ("<b>the Company</b>") ("<b>Board</b>") are set out in the Board Charter which is available on the Company's website at <a href="http://www.eurospan.com.my">http://www.eurospan.com.my</a>.</p> <p>The Board is responsible for guiding and monitoring the Company on behalf of its shareholders. In fulfilling its function, the Board assumes, among others, the following responsibilities:</p> <ul style="list-style-type: none"> <li>• Providing leadership and strategic directions for the Group;</li> <li>• Overseeing the proper conduct of the business;</li> <li>• Ensuring prudent and effective controls and risk management system; and</li> <li>• Reviewing the performance of management</li> </ul> <p>The Board has adopted a Board Charter that sets out the division of responsibilities between the Executive Directors, the Non-Executive Directors and the management team. The Board delegates the day-to-day management of the business to the Executive Directors and the management team. However, certain functions are specifically reserved for the Board which include the following:</p> <ul style="list-style-type: none"> <li>• In conjunction with management, establishing a vision and strategies for the Group;</li> <li>• Approving the Group's annual business plan and budget;</li> <li>• Approving specific items of material capital expenditure and investments and disinvestments</li> <li>• Appointing Directors to the Board;</li> <li>• Appointing and approving the terms and conditions of appointment of the Managing Director ("MD");</li> <li>• Approving any significant changes to accounting policies;</li> <li>• Approving the quarterly financial statements;</li> </ul>

	<ul style="list-style-type: none"> <li>• Approving the annual financial statements;</li> <li>• Approving any interim dividends and recommending any final dividends to shareholders;</li> <li>• Approving all circulars, statements and corresponding documents sent to shareholders;</li> <li>• Approving the terms of reference and membership of Board Committees; and</li> <li>• Approving Company policies which may be developed from time to time.</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

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>	:	The Board has appointed a Chairman who is responsible for the conduct of Board meetings and ensures that Board discussions are conducted in a manner that all views are taken into consideration before a decision is made.	
<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 1.3

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:	The Malaysian Code on Corporate Governance ("MCCG") recommends that the positions of the Chairman and the Chief Executive Officer should be held by different individuals and the Chairman must be a Non-Executive member of the board. Currently the position of the Chairman and Managing Director are held by the same Director who is an Executive member of the Board.	
<b>Explanation for departure</b>	:	<p>Although this is not in compliance with the recommendations of the MCCG, the Board is of the opinion that no single person has excessive powers of decision as:</p> <ul style="list-style-type: none"> <li>a) Board decisions are dependent on the consensus of the Directors, who take an active interest in all major and strategic decisions of the Group; and</li> <li>b) Three of the six Board members are Independent Non-Executive Directors and they supply a strong independent element to the decision-making process.</li> </ul>	
<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 Directors have direct access to the advice and the services of the Company Secretary to enable them to discharge their duties. The Company Secretary updates the Directors periodically when new statutes and requirements are issued by the regulatory authorities to ensure that the Directors are aware of regulatory developments that affect them in carrying out their responsibilities. The Company Secretary also makes announcements to Bursa Malaysia Securities Berhad ("<b>Bursa Securities</b>") on behalf of the Company and brief the Board on proposed contents of material announcements prior to their release.</p> <p>The Company Secretary convenes all Board meetings and attends all Board meetings to ensure that Board procedures are followed and accurate records of the proceedings and resolutions passed are maintained. The Company Secretary also ensures that the statutory registers are properly maintained at the registered office of the Company. The Board believes that the current Company Secretary who is qualified and experienced is capable of carrying out his duties to assist the Board in ensuring adherence to Board policies and procedures.</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 1.5

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 and timely access to information with Board papers distributed in advance of meetings. Agenda and discussion papers, including quarterly and annual financial statements, minutes of meetings and board papers which include reports relevant to the issues of the meetings covering the areas of strategic, financial and operational matters are usually circulated one week prior to Board Meetings to allow the Directors to study and evaluate the matters to be discussed.</p> <p>If required, the Directors may take independent professional advice in the furtherance of their duties at the Company's expense. Before incurring the professional fee, the Director concerned must seek the approval of the Board. The Directors may access all information within the Group in furtherance of 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

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>	:	The Board has formally adopted a Board Charter which provides guidance to the Board in the fulfillment of its roles, duties and responsibilities which are in line with relevant legislations, regulations and the principles of good corporate governance. The Board Charter outlines the composition and structure of the Board, the appointment of new Directors to the Board, the Board's powers, duties and responsibilities including the division of responsibilities between Executive and Non-executive Directors and management, establishment of Board Committees, remuneration of Directors and processes and procedures for convening Board meetings. Certain functions specifically reserved for the Board are identified in the Board Charter. The Board Charter also underlines the Board's commitment to compliance with laws, regulations and its internal Code of Ethics. The Board Charter is subject to periodic review and will be updated from time to time to reflect changes to the Company's policies, procedures and processes as well as changes to legislations and regulations. The Board Charter is available on the Company's website at <a href="http://www.eurospan.com.my">http://www.eurospan.com.my</a> .
<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 3.1

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 is committed to uphold compliance with relevant requirements of laws, its Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("<b>Listing Requirements</b>") in the conduct of the business of the Company. In addition, the Directors observe a Code of Ethics, which was developed by the Board based substantially on the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.</p> <p>The Directors' Code of Ethics is available on the Company's website at <a href="http://www.eurospan.com.my">http://www.eurospan.com.my</a>.</p> <p>The Group has adopted an Anti-Corruption Policy which sets out parameters to prevent the occurrence of bribery and corrupt practices in the conduct of the Group's business. This policy is to provide information and guidelines to all Directors and employees of the Group on the standard of behaviour which they must adhere to and how to recognise and deal with bribery and corruption.</p> <p>The Anti-Corruption Policy of the Group is available on the Company's website at <a href="http://www.eurospan.com.my">http://www.eurospan.com.my</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

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 has set up a framework for employees and associates to report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group. The Whistleblowing Policy adopted by the Group provides and facilitates a mechanism for any employee and associate to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse in good faith without fear of adverse consequences.</p> <p>The Whistleblowing Policy is available on the Company's website at <a href="http://www.eurospan.com.my">http://www.eurospan.com.my</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 Board presently has six (6) members which comprises of three (3) Executive Directors and three (3) Independent Non-Executive Directors. The current composition of the Board ensures that there is a sufficient number of Independent Non-Executive members on the Board such that no individual or group of individuals dominates the Board's decision making. The Board also believes that the number of Directors reflects fairly the investment of the shareholders.</p> <p>Given the nature and scope of the Group's operations, the Board considers that the current composition of the Board is of the appropriate size and with the right mix of skills and experience in meeting the Group's current needs and requirements.</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>	:	Not applicable – There is currently no independent director serving beyond 9 years.	
<b>Explanation on application of the practice</b>	:		
<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 4.3 – Step Up

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

<b>Application</b>	:	Not applicable
<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 candidate for appointment to the Board as Director is selected after taking into consideration the mix of skills, experience and independence that would be relevant for the effective discharge of the Board's responsibilities with due regard for diversity in age and cultural background knowledge.</p> <p>The Nominating Committee ("NC") is delegated with the responsibility of assessing and considering and recommending to the Board suitable candidates for appointment as Directors and Senior Management, after taking into consideration the candidates' background capabilities, expertise, experience, character, integrity and professionalism.</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>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board is supportive of gender diversity in its Board composition and senior management team. The Board has a policy to have at least one female Director on the Board. At present, there is one female Director on the Board out of six Directors. The Board via its Nomination Committee may evaluate more women participation as and when it deems fit.	
<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 4.6

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 practice</b>	:	Should there be any new appointment, the NC will rely mainly on recommendations from existing Board members or major shareholders.	
<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>	:	The NC is chaired by Lim Chun Thang, an Independent Non-Executive Director.	
<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>	:	In 2021, the NC undertook an evaluation to assess the Board, Board Committees and each individual Director. The evaluation was conducted using the Board and Board Committee Evaluation Form, Directors' Evaluation Form and Independent Director Self-Assessment Checklist. Thereafter, the results of the evaluation and recommendations were tabled to the Board.  The processes are disclosed in the CG Overview Statement in the Annual Report 2021.
<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 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 Board has established a formal and transparent process for approving the remuneration of the Board and Board Committees and senior management.</p> <p>The remuneration is reviewed by the Remuneration Committee on an annual basis, to ensure that rewards commensurate with their experience and individual performance.</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 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>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

## 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 set up a Remuneration Committee which recommends the remuneration for the Executive Directors. The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole. Individual Directors abstain from deliberations and voting on the decision in respect of their own remuneration.</p> <p>The Board recognizes that the remuneration package should be sufficient to attract, retain and motivate Directors of caliber needed to run the Group successfully. The remuneration of Executive Directors is generally based on their experience, responsibilities held, market conditions and the Group's overall financial performance. The remuneration of Non-Executive Directors is by way of fixed annual fees. Decisions and recommendations of the Committee are reported back to the Board for approval and where required by the rules and regulations governing the Company, for approval of shareholders at the Annual General Meeting.</p> <p>The key duties and responsibilities of the Remuneration Committee include the following:</p> <ul style="list-style-type: none"><li>a) To recommend to the Board of Directors the policy framework and remuneration structure of the Executive and Non-Executive Directors; and</li><li>b) To review and present recommendations to the Board of Directors regarding the remuneration and conditions of service of the Executive Directors in all its forms including the grant of entitlements under any share schemes.</li></ul> <p>The Remuneration Committee has written Terms of Reference which is available on the Company's website at <a href="http://www.eurospan.com.my">http://www.eurospan.com.my</a></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

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>	:	<p>The details of the Directors' remuneration for the financial year ended 31 May 2021 are as follows</p> <p>Received from the Company</p> <table border="1"> <thead> <tr> <th></th> <th>Fees (RM'000)</th> <th>Salary (RM'000)</th> <th>Other emoluments (RM'000)</th> <th>Total (RM'000)</th> </tr> </thead> <tbody> <tr> <td><b>Executive Directors</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Guan Kok Beng</td> <td>42</td> <td>-</td> <td>8</td> <td>50</td> </tr> <tr> <td>Guan Shaw Kee</td> <td>32</td> <td>-</td> <td>6</td> <td>38</td> </tr> <tr> <td>Guan Shaw Yin</td> <td>32</td> <td>-</td> <td>6</td> <td>38</td> </tr> <tr> <td><b>Non-Executive Directors</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Sim Yee Fuan</td> <td>38</td> <td>-</td> <td>4</td> <td>42</td> </tr> <tr> <td>Lim Chun Thang</td> <td>37</td> <td>-</td> <td>4</td> <td>41</td> </tr> <tr> <td>Ch'ng Lay Hoon</td> <td>37</td> <td>-</td> <td>3</td> <td>40</td> </tr> <tr> <td><b>Total</b></td> <td><b>218</b></td> <td><b>-</b></td> <td><b>31</b></td> <td><b>249</b></td> </tr> </tbody> </table> <p>Received on Group basis</p> <table border="1"> <thead> <tr> <th></th> <th>Fees (RM'000)</th> <th>Salary (RM'000)</th> <th>Other emolument s (RM'000)</th> <th>Total (RM'000)</th> </tr> </thead> <tbody> <tr> <td><b>Executive Directors</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Guan Kok Beng</td> <td>72</td> <td>933</td> <td>604</td> <td>1,609</td> </tr> <tr> <td>Guan Shaw Kee</td> <td>62</td> <td>479</td> <td>249</td> <td>790</td> </tr> <tr> <td>Guan Shaw Yin</td> <td>62</td> <td>538</td> <td>262</td> <td>862</td> </tr> <tr> <td>Lee Beng Tek</td> <td>15</td> <td>145</td> <td>48</td> <td>208</td> </tr> <tr> <td><b>Non-Executive Directors</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Sim Yee Fuan</td> <td>38</td> <td>-</td> <td>4</td> <td>42</td> </tr> <tr> <td>Lim Chun Thang</td> <td>37</td> <td>-</td> <td>4</td> <td>41</td> </tr> <tr> <td>Ch'ng Lay Hoon</td> <td>37</td> <td>-</td> <td>3</td> <td>40</td> </tr> <tr> <td><b>Total</b></td> <td><b>323</b></td> <td><b>2,095</b></td> <td><b>1,174</b></td> <td><b>3,592</b></td> </tr> </tbody> </table>					Fees (RM'000)	Salary (RM'000)	Other emoluments (RM'000)	Total (RM'000)	<b>Executive Directors</b>					Guan Kok Beng	42	-	8	50	Guan Shaw Kee	32	-	6	38	Guan Shaw Yin	32	-	6	38	<b>Non-Executive Directors</b>					Sim Yee Fuan	38	-	4	42	Lim Chun Thang	37	-	4	41	Ch'ng Lay Hoon	37	-	3	40	<b>Total</b>	<b>218</b>	<b>-</b>	<b>31</b>	<b>249</b>		Fees (RM'000)	Salary (RM'000)	Other emolument s (RM'000)	Total (RM'000)	<b>Executive Directors</b>					Guan Kok Beng	72	933	604	1,609	Guan Shaw Kee	62	479	249	790	Guan Shaw Yin	62	538	262	862	Lee Beng Tek	15	145	48	208	<b>Non-Executive Directors</b>					Sim Yee Fuan	38	-	4	42	Lim Chun Thang	37	-	4	41	Ch'ng Lay Hoon	37	-	3	40	<b>Total</b>	<b>323</b>	<b>2,095</b>	<b>1,174</b>	<b>3,592</b>
	Fees (RM'000)	Salary (RM'000)	Other emoluments (RM'000)	Total (RM'000)																																																																																																										
<b>Executive Directors</b>																																																																																																														
Guan Kok Beng	42	-	8	50																																																																																																										
Guan Shaw Kee	32	-	6	38																																																																																																										
Guan Shaw Yin	32	-	6	38																																																																																																										
<b>Non-Executive Directors</b>																																																																																																														
Sim Yee Fuan	38	-	4	42																																																																																																										
Lim Chun Thang	37	-	4	41																																																																																																										
Ch'ng Lay Hoon	37	-	3	40																																																																																																										
<b>Total</b>	<b>218</b>	<b>-</b>	<b>31</b>	<b>249</b>																																																																																																										
	Fees (RM'000)	Salary (RM'000)	Other emolument s (RM'000)	Total (RM'000)																																																																																																										
<b>Executive Directors</b>																																																																																																														
Guan Kok Beng	72	933	604	1,609																																																																																																										
Guan Shaw Kee	62	479	249	790																																																																																																										
Guan Shaw Yin	62	538	262	862																																																																																																										
Lee Beng Tek	15	145	48	208																																																																																																										
<b>Non-Executive Directors</b>																																																																																																														
Sim Yee Fuan	38	-	4	42																																																																																																										
Lim Chun Thang	37	-	4	41																																																																																																										
Ch'ng Lay Hoon	37	-	3	40																																																																																																										
<b>Total</b>	<b>323</b>	<b>2,095</b>	<b>1,174</b>	<b>3,592</b>																																																																																																										

	The analysis on Directors' remuneration by remuneration band is as follows:		
	Received from the Company		
	Remuneration Band (in RM)	No. of Recipient/s	
		Executive Directors	Non-Executive Directors
	RM50,000 and below	3	3
	Received on Group basis		
	Remuneration Band (in RM)	No. of Recipient/s	
		Executive Directors	Non-Executive Directors
	RM50,000 and below	-	3
	RM200,001 – RM250,000	1	-
RM750,001 – RM800,000	1	-	
RM850,001 – RM900,000	1	-	
RM1,600,001 – RM1,650,000	1	-	
<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>	:	The Board considered the information of the remuneration of the other Senior Management personnel to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in maintaining a stable work environment and retaining executive talents.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	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.

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

## 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>	:	The Audit Committee of the Company comprises 3 Independent Non-Executive Directors and is chaired by Sim Yee Fuan while the Chairman of the Board is Guan Kok Beng.	
<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>All Audit Committee members are financially literate and the Audit Committee's composition and performance are reviewed by the Nominating Committee annually and recommended to the Board for its approval.</p> <p>In order to maintain an independent and effective Audit Committee, the Nominating Committee ensures that all Audit Committee members appointed are Independent Non-Executive Directors who are financially literate with an appropriate level of expertise and experience and a strong understanding of the Company and Group's business.</p> <p>The Board has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before he/she may be considered to be appointed as a member of the Audit Committee and it is reflected in the Terms of Reference of the Audit Committee.</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 8.3

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 Audit Committee has always maintained a transparent relationship with the external auditors in seeking professional advice and ensuring that the financial statements of the Group are prepared in accordance with the applicable approved accounting standards in Malaysia.</p> <p>The Audit Committee has set the criteria to assess the suitability and independence of external auditors. The Audit Committee has reviewed and assessed the external auditors in terms of independence, performance, competency and integrity, and recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the Annual General Meeting.</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>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

## 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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee comprises solely of three (3) Independent Directors.

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The members of the AC possess the necessary skills to discharge their duties and are financially literate. The profiles of the members of the AC are provided in the Annual Report 2021.</p> <p>The Directors recognize the need for all Board members including Audit Committee members to continue to undergo relevant training programmes to update their knowledge and enhance their skills where relevant to enable them to sustain their active participation in the Board and Board Committees.</p> <p>The training programs that the AC members have attended during the financial year ended 31 May 2021 are disclosed in the Annual Report 2021.</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>	:	The Group has in place an effective risk management and internal control framework to identify and assess the risks faced by the Group and thereafter, to implement and monitor appropriate internal controls to manage and mitigate those risks.	
<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 9.2

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>	:	The key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control as presented in the Annual Report 2021.	
<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 9.3 – 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>	:	Not adopted
<b>Explanation on adoption of the practice</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 10.1

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>	:	The Board has outsourced its internal audit activities to a professional service firm (“ <b>Internal Auditors</b> ”) to serve as the internal audit function. The Internal Auditors report directly to the Audit Committee. The outsourcing of the internal audit function with a direct reporting line to the Audit Committee helps to ensure that internal audit is carried out objectively and is independent from the management of the Company and the functions which it audits.	
<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 personnel who carry out internal audit work are free from any relationships or conflict of interest which could impair their objectivity and independence.</p> <p>In appointing the Internal Auditors, the Board and the Audit Committee has taken into consideration that the firm has experience in providing internal audit services to listed companies and is adequately staffed with a team of qualified, competent and experienced personnel to carry out the internal audit assignments.</p> <p>The internal audit work has been carried out in line with guidelines of the International Professional Practice framework. The scope of work in internal audit is carried out in accordance with an internal audit plan approved by the Audit Committee. The audit plan is focused on high risk areas identified through the Group's risk evaluation process.</p> <p>The information on the Internal Audit function is available in the Statement on Risk Management and Internal Control in the Annual Report 2021.</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 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 Company acknowledges the importance of transparent, timely and equal dissemination of quality material information to shareholders, investors and public at large. As such, the Board observed the Corporate Disclosure Guide issued by Bursa Securities which can be viewed from Bursa Securities' website at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a> as well as adhering to and complying with the disclosure requirements of the Listing Requirements.</p> <p>The Company reaches out regularly to its stakeholders through announcements of its quarterly financial results, circulars and statements, press releases and other disclosure announcements made to Bursa Securities, as appropriate, to provide them with timely information to enable them to make informed decisions. The Annual Report provides stakeholders with information on the business and financial performance of the Group as well as its policies/practices on governance and sustainability.</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 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>	:	The Group does not fall within the definition of large companies.	
<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>	:	At least 28 days' notice period is given in respect of the Company's forthcoming Annual General Meeting (" <b>AGM</b> ") to be held on 26 October 2021.	
<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 12.2

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>	:	All the Directors of the Company attended the previous AGM that was held on 27 October 2020 and all the Directors have confirmed their attendance for the forthcoming AGM to be held on 26 October 2021, barring unforeseen circumstances.  The Board members who are also Chairman of the Board Committees are present at the AGM to respond to questions raised by the shareholders if addressed to them.	
<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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has always given foremost consideration to the location of the Company's general meetings and in the past, it has held general meetings at locations which are easily accessible to shareholders.</p> <p>In view of the on-going COVID-19 pandemic, the Company has taken the necessary precaution and preventive measures in complying with the directives issued by the Malaysian Ministry of Health and Guidance Notes on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission, Malaysia. The Company will be conducting the forthcoming AGM on a fully virtual basis with remote participation and voting facilities for shareholders to participate and vote at the AGM.</p> <p>During the AGM, shareholders are given opportunities to enquire and comment on matters relating to the Group's business. The shareholders are encouraged to participate in the open question and answer session in the AGM pertaining to the resolutions being proposed at the meeting and the financial performance and business operation in general. The Directors are available to provide responses to questions from the shareholders during the meeting.</p> <p>In addition, general meetings are held as and when needed to obtain shareholders' approval on certain business or corporate proposals. Adequate notice of general meetings, in compliance with regulatory requirements, are sent to shareholders together with comprehensive Circulars/Statements setting out details and explaining the rationale with regards to the matters for which shareholders' approval are being sought.</p> <p>Shareholders who are unable to attend general meetings are allowed to appoint proxies to participate and vote on their behalf at all general meetings 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>	:		