

CORPORATE GOVERNANCE REPORT

STOCK CODE : 8877
COMPANY NAME : Ekovest Bhd
FINANCIAL YEAR : June 30, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board fully understood its principal responsibilities to its stakeholders covering oversight of management performance and corporate strategies, promote good governance, risk management, succession planning, investor relation and corporate reporting of the Group.</p> <p>In order to meet these responsibilities, the Board has put in place the following resources, frameworks and processes and define its values in its various policies :</p> <ul style="list-style-type: none">• Board Charter setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board's approval;• Board Committees, namely Audit and Risk Management, Nomination and Remuneration Committees to assist the Board in discharging its duties and responsibilities effectively. These Committees have the authority to examine particular issues and report to the Board with their recommendations;• Periodic review of the progress of projects and significant award of contracts as a mean to overseeing the conduct of the business and the overall performance management of the business affairs of the Group;• Deliberate the interim and annual financial reporting with management and External Auditors to ensure the integrity and reliability of the financial information published in order to assist the public, investors and shareholders to make informed decision; |

| | |
|--|--|
| | <ul style="list-style-type: none"> • Review, deliberate and approve investment and corporate exercises in consultation of corporate advisors and senior management to ensure that these potential investment and corporate exercises generate growth in shareholders' wealth; • Review related party transaction, if any to ensure the compliance with Listing Requirements and the interest of minority shareholders are not detrimental by related party transactions; • Review and deliberate the Board Committees reports and approve the recommendation proposed by the Board Committees; • Ensure the implementation of Group anti-corruption framework, anti-bribery and gratification guidelines, Code of Conduct and Ethics and Whistleblowing Policy; and • Observe the regulatory requirements when disseminating information and disclosures in consultation with the Company Secretaries, External and Internal Auditors and corporate finance advisors for corporate exercises, when necessary. |
| 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 1.2

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 responsible for instilling good governance practices, leadership and effectiveness of the Board through:</p> <ul style="list-style-type: none">a) Chairing of board meetings, representing the Board to shareholders, and reviewing and approving together with the Board on the strategic issues of the Group;b) Chairing Annual and Extraordinary General Meetings and communicating with shareholders during the general meetings;c) Setting the board agenda in consultation with the Company Secretary and ensures that board members receive timely complete and accurate information; andd) Facilitating board discussion to ensure proper exchange of information and deliberation of issues to enable proper decision making. <p>Presently, the Board Chairman is an Executive Chairman. The executive roles of the Chairman enable the Executive Chairman to align the interest of the board, management and shareholders for maximising shareholders' wealth. Nonetheless, in order to safeguard the interest of minority shareholders, the Board comprises majority Independent Non-Executive Directors to enable greater weight of expression of objective and independent views in the board conducts and meetings.</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 1.3

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | Presently, the roles of the Executive Chairman and Group Managing Director are assumed by different Directors. Principally, the Executive Chairman is responsible for leading the strategic direction of the Group while the Group Managing Director executing and managing the business and operations in the Group. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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. The Company Secretary is a member of Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretary advises the Board, particularly with regards to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices. All Directors have unrestricted access to the advice and services of the Company Secretary. The appointment and removal of Company Secretary of the Board and Board Committees can only be made by the Board.</p> <p>The key responsibilities of the Company Secretaries are as follows:</p> <ul style="list-style-type: none">• Updating the Board and its Committees on issues relating to corporate governance, compliance with laws, rules and regulations, procedures and protocol affecting the Company;• Co-ordinating with the Board on the meeting agenda and schedule;• Managing the general meeting proceedings;• Attending and preparing minutes of Board meetings and ensuring that protocol and procedures of Board meetings are adhered to and that applicable rules and regulations are complied with;• Advising Directors to fulfil their obligations in regards to disclosure of transactions with the Company and prohibition of dealing in securities during closed period and moratorium; and• Maintaining register, statutory records and company secretarial documents of Ekovest Group of Companies. |
| Explanation for departure | : | |

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

| | | |
|--------------------|--|--|
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 1.5

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company Secretary ensures that adequate period of notice of Board meeting and Board papers are issued to each director. Before the board meeting, Directors are able to review and consider the agenda items to be discussed and where necessary, to obtain further explanations.</p> <p>Subject to Board's approval all Board members may also seek independent professional advice when necessary in discharging its various duties, at the Company's expense.</p> <p>Upon conclusion of meeting, the Company Secretary ensures that accurate and proper records of the proceedings and resolutions passed are recorded in the minutes. These minutes are circulated to the Board members as soon as possible before the next meeting is held.</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 has defined its Board Charter setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board's approval. The Board Charter is available in our Group's website at www.ekovest.com.my for stakeholders' reference.</p> <p>To assist the Board in the discharge of its oversight function, the Board has delegated certain responsibilities to Board Committees namely the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee ensure that greater objectivity and independence are provided in the deliberations of specific agenda. The roles, duties and responsibilities of the Board Committees, namely the Audit and Risk Management, Nomination and Remuneration Committees have been defined clearly in its terms of reference respectively.</p> <p>The Board has reviewed its Board Charter during the financial year and incorporated the following new responsibilities on prevention of corruption:</p> <ul style="list-style-type: none">• To establish and maintain effective and adequate anti-corruption compliance policies and framework and whistleblowing reporting channel;• To review the Group's corruption risk exposures periodically or when there are changes in law, circumstance of the business and/or the profile of its business associates; and• To seek assurance on the effectiveness of the anti-corruption compliance policies and framework. <p>This updated Board Charter is posted on the Company's website.</p> |

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

Intended Outcome

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

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

Practice 3.1

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

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has defined its Code of Conduct and Ethics ("this Code") covering its tolerance against conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering and the expected actions to be taken and the responsibilities of the Board, Management and other employees towards this Code. This Code enable the Board to convey and promote good business conduct and ethics in the organisation.</p> <p>In conjunction with the introduction of S17A of the Malaysia Anti-Corruption Commission ("MACC") Act 2009, the Board had reviewed and updated this Code. A copy of this Code is posted on the Company's website.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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>During the financial year, the Board has reviewed the Group's Whistleblowing Policy and updated the application this policy. This updated policy has been approved by the Board and posted on the Company's website.</p> <p>In order to provide greater comfort to whistleblowers about the confidentiality of information and identity reported, the Board has assigned the administration the whistleblowing reporting channel to Internal Audit function.</p> <p>The Board did not receive any complaint from whistleblower during the financial year.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 4.1

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | As at the date of this statement, the Board has nine members and two alternative directors. Four of the nine members are executive members i.e. Executive Chairman, Managing Director, two (2) Executive Directors. The remaining five members are Independent Non-Executive Directors constituting the majority members in 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 4.2

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 | : | <p>In accordance to Board Charter, the maximum tenure of an Independent Non-Executive Director shall not exceed the cumulative term of nine (9) years from the date of first appointment as Director or upon the expiry of the on-going term of appointment as Director whichever is the later. Any extension beyond nine (9) years will require Board justification and shareholder approval unless the said Director wishes to be re-designated as non-independent non-executive Director which shall be decided by the Board. Two tier voting process will be applied for retaining an Independent Director beyond twelve (12) years.</p> <p>The Independent Directors also conducted self-assessment and declared that they have met the criteria for independence set out in Chapter 1 of the Main Market Listing Requirements ("MMLR") and they continue to be able to exercise independent judgement and to act in the best interest of the Company.</p> <p>During the financial year, the Board has deliberated the position of Ms. Kang Hui Ling who have served the Board as an Independent Director for more than twelve (12) years and resolved to put forth her appointment to be approved by shareholder through a two-tier voting process. The Board strongly feels that her long service will enable her to contribute more effectively in the Audit and Risk Management Committee meetings.</p> <p>A resolution was put to vote in the last AGM and the result was to retain Ms. Kang Hui Ling as Independent Director.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Resolution No.</th> <th rowspan="2"></th> <th colspan="2">In Favor</th> <th colspan="2">Against</th> </tr> <tr> <th>Number</th> <th>%</th> <th>Number</th> <th>%</th> </tr> </thead> <tbody> <tr> <td rowspan="2" style="text-align: center;">8</td> <td>Tier 1</td> <td style="text-align: right;">791,377,425</td> <td style="text-align: center;">100</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Tier 2</td> <td style="text-align: right;">321,020,320</td> <td style="text-align: center;">90.38</td> <td style="text-align: right;">34,186,050</td> <td style="text-align: center;">9.62</td> </tr> </tbody> </table> | | | | Resolution No. | | In Favor | | Against | | Number | % | Number | % | 8 | Tier 1 | 791,377,425 | 100 | - | - | Tier 2 | 321,020,320 | 90.38 | 34,186,050 | 9.62 |
| Resolution No. | | In Favor | | Against | | | | | | | | | | | | | | | | | | | | | | |
| | | Number | % | Number | % | | | | | | | | | | | | | | | | | | | | | |
| 8 | Tier 1 | 791,377,425 | 100 | - | - | | | | | | | | | | | | | | | | | | | | | |
| | Tier 2 | 321,020,320 | 90.38 | 34,186,050 | 9.62 | | | | | | | | | | | | | | | | | | | | | |

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

Intended Outcome

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

Practice 4.3 - Step Up

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

| | | |
|--|---|---|
| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | The Board will adopt and formalise its policy to limit its independent directors to nine (9) years by 2022. |

Intended Outcome

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

Practice 4.4

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

| Application : | Applied | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---------------------------------|-------------|--------|-------------|--------|-------------|--------|-------------|--------|----------------------|-------------|--|-------------|--|-------------|--|-------------|--|-------------|--|------|--------|------|--------|------|--------|------|--------|------|--------|---------------------|---|---|---|---|---|---|---|---|---|---|---------------------------------|---|---|---|---|---|---|---|---|---|---|-------|------------------------------|---------------------------------|-------------|-------|---------------------|---|---|---|---|---------------------------------|---|---|---|---|
| Explanation on application of the practice : | <p>The 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.</p> <p>The Board consists of members who are experienced entrepreneurs and professionals in the fields of construction, property development, engineering, audit, finance, accounting, equity market research and legal practice. Following are the analysis of ethnicity, age distribution and skillsets of the existing Board members and key senior management:</p> <table border="1"> <thead> <tr> <th rowspan="2">Age Group/ Gender</th> <th colspan="2">26-35 years</th> <th colspan="2">36-45 years</th> <th colspan="2">46-55 years</th> <th colspan="2">56-65 years</th> <th colspan="2">66-75 years</th> </tr> <tr> <th>Male</th> <th>Female</th> <th>Male</th> <th>Female</th> <th>Male</th> <th>Female</th> <th>Male</th> <th>Female</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>1</td> <td>-</td> <td>-</td> <td>-</td> <td>1</td> <td>1</td> <td>2</td> <td>1</td> <td>2</td> <td>1</td> </tr> <tr> <td>Number of Key Senior Management</td> <td>-</td> <td>-</td> <td>-</td> <td>1</td> <td>-</td> <td>1</td> <td>4</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Skill</th> <th>Business Management / Others</th> <th>Accounting & Finance Management</th> <th>Engineering</th> <th>Legal</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>4</td> <td>2</td> <td>1</td> <td>2</td> </tr> <tr> <td>Number of Key Senior Management</td> <td>2</td> <td>1</td> <td>3</td> <td>-</td> </tr> </tbody> </table> | | | | | | | | | | Age Group/ Gender | 26-35 years | | 36-45 years | | 46-55 years | | 56-65 years | | 66-75 years | | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | Number of Directors | 1 | - | - | - | 1 | 1 | 2 | 1 | 2 | 1 | Number of Key Senior Management | - | - | - | 1 | - | 1 | 4 | - | - | - | Skill | Business Management / Others | Accounting & Finance Management | Engineering | Legal | Number of Directors | 4 | 2 | 1 | 2 | Number of Key Senior Management | 2 | 1 | 3 | - |
| Age Group/ Gender | 26-35 years | | 36-45 years | | 46-55 years | | 56-65 years | | 66-75 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Number of Directors | 1 | - | - | - | 1 | 1 | 2 | 1 | 2 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Number of Key Senior Management | - | - | - | 1 | - | 1 | 4 | - | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Skill | Business Management / Others | Accounting & Finance Management | Engineering | Legal | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Number of Directors | 4 | 2 | 1 | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Number of Key Senior Management | 2 | 1 | 3 | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 | : | Applied | |
| Explanation on application of the practice | : | The Board has three (3) female members constituting one third of the nine (9) Board members. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 4.6

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>When identifying suitably qualified candidates for appointment of Director, the Nomination Committee will consider recommendations from existing board members, management, major shareholders and third-party sources before recommending to the Board for further deliberation.</p> <p>Candidates for directorship will only be nominated if their skills, knowledge, professionalism, character and experience will add value to the Board. The Nomination Committee under its terms of reference is responsible to present the detailed profiles of the shortlisted director and explain their recommendations for the appointment of the shortlisted director 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

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

Practice 4.7

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Nomination Committee is chaired by Ms Kang Hui Ling who is an 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

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>During the financial year under review, the Nomination Committee carried out a review on the composition of the Board, the performance of the Board, Board Committees and individual Directors and the independence status of Independent Directors. The evaluation was conducted based on the result compiled from self-assessment form completed by all Directors.</p> <p>Overall, the Board is satisfied with the performance and effectiveness of the Board, Board Committees and individual directors. The Board also concluded that the composition of the Board members are made up of individual with the required mix of skills, experiences and competencies, appropriate qualification, expertise and business experience needed for leading the Group.</p> <p>The Independent Directors also conducted a self-assessment and declared that they have met the criteria for independence set out in Chapter 1 of the MMLR and they continue to be able to exercise independent judgement and to act in the best interest of the Company.</p> <p>In absentia of Ms. Kang Hui Ling, the Nomination Committee Chairperson, the other members of Nomination Committee deliberated and considered the justification for retaining Ms. Kang Hui Ling as Independent Director who has served the Company for more than twelve (12) years and recommended to the Board for proposing the resolutions to Shareholders for retaining her as Independent Director in the Board.</p> <p>During the financial year, the Board has engaged a human resource consulting firm to conduct an independent assessment on the board and individual director performance. Recommendations for improvement were identified and presented to the Board.</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 6.1

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has defined its remuneration policy in its Board Charter.</p> <p>Under this remuneration policy, it is provided that all Executive Directors and Senior Management shall be remunerated based on the Group's and individual's performances, market conditions and their responsibilities, whilst the remuneration policy for Independent Director emphasises fair remuneration to avoid creating conflicting interest with their responsibility for bringing objective and independent judgement on matters discussed in the board meeting.</p> <p>Independent Directors are entitled for fees only, based on their experience, level of responsibilities assumed in the Board Committees, their special skills and expertise they bring to the Board.</p> <p>The determination of directors' remuneration is subject to Board's approval. The director concerned should abstain from discussing his/her own remuneration.</p> <p>Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.</p> <p>The Remuneration Committee has reviewed the remuneration disclosure in 2019 Annual Report and noted no material change in the remunerations of the Executive Directors and top five key senior management.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |

| | | | |
|-----------|---|--|--|
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 6.2

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

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Remuneration Committee comprise of 5 Independent Non-Executive Directors and the present members of the Remuneration Committee are as follows:-</p> <p>Ms Kang Hui Ling Chairman (Senior Independent and Non-Executive)</p> <p>Ms Lim Ts-Fei Director (Independent and Non-Executive)</p> <p>Dr Wong Kai Fatt Director (Independent and Non-Executive)</p> <p>Mr Chow Yoon Sam Director (Independent and Non-Executive)</p> <p>Mr Lee Wai Kuen Director (Independent and Non-Executive)</p> <p>The terms of reference of the Remuneration Committee are posted in the corporate website.</p> <p>The Remuneration Committee has conducted two meetings to deliberate on the remuneration of the Executive Board Members and top five (5) senior management remuneration packages during the financial year.</p> |

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

Intended Outcome

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

Practice 7.1

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

| Application : | Applied | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|-----------------------------------|----------------|---------------|----------------|------------------|--|--|-------------------------------------|--|--|--|--|-------|-------------------|------------|---------------|---------------|--------------|--|------|------|------|------|------|------|----------------|--------|--------|--------|--------|--------|---------|--------------------------------------|--------------------|--|--|--|--|-------|----------------------------|-----------------------------------|---------------|---------------|---------------|--|------|------|------|------|------|------|----------------|--------|--------|--------|--------|---|---------|------------|--------|--------|---|---|--------|---------|----------|-----------|---------|---------|---|---------|-----------|-------|-----------|---------|---------|---|---------|-----------|------------------|--------|--------|--------|---|--------|---------|---------------------------|---------|---------|--------|---|--------|---------|--------------|------------------|------------------|----------------|---------------|----------------|------------------|
| Explanation on application of the practice : | <table border="1"> <thead> <tr> <th rowspan="2">Remuneration Received from the Company</th> <th colspan="5">Independent Non-Executive Directors</th> <th rowspan="2">Total</th> </tr> <tr> <th>Dr. Wong Kai Fatt</th> <th>Lim Ts-Fei</th> <th>Kang Hui Ling</th> <th>Chow Yoon Sam</th> <th>Lee Wai Kuen</th> </tr> <tr> <td></td> <th>(RM)</th> <th>(RM)</th> <th>(RM)</th> <th>(RM)</th> <th>(RM)</th> <th>(RM)</th> </tr> </thead> <tbody> <tr> <td>Directors' Fee</td> <td>30,000</td> <td>30,000</td> <td>30,000</td> <td>30,000</td> <td>30,000</td> <td>150,000</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th rowspan="2">Remuneration Received from the Group</th> <th colspan="5">Executive Director</th> <th rowspan="2">Total</th> </tr> <tr> <th>Tan Sri Dato' Lim Kang Hoo</th> <th>Tan Sri Datuk Seri Lim Keng Cheng</th> <th>Dato' Lim Hoe</th> <th>Lim Chen Heng</th> <th>Lim Chen Thai</th> </tr> <tr> <td></td> <th>(RM)</th> <th>(RM)</th> <th>(RM)</th> <th>(RM)</th> <th>(RM)</th> <th>(RM)</th> </tr> </thead> <tbody> <tr> <td>Directors' Fee</td> <td>30,000</td> <td>30,000</td> <td>30,000</td> <td>30,000</td> <td>-</td> <td>120,000</td> </tr> <tr> <td>Allowances</td> <td>66,000</td> <td>66,000</td> <td>-</td> <td>-</td> <td>66,000</td> <td>198,000</td> </tr> <tr> <td>Salaries</td> <td>1,620,000</td> <td>864,000</td> <td>588,000</td> <td>-</td> <td>219,000</td> <td>3,291,000</td> </tr> <tr> <td>Bonus</td> <td>2,700,000</td> <td>480,000</td> <td>300,000</td> <td>-</td> <td>210,000</td> <td>3,690,000</td> </tr> <tr> <td>Benefits-in-Kind</td> <td>56,008</td> <td>35,200</td> <td>22,700</td> <td>-</td> <td>28,554</td> <td>142,462</td> </tr> <tr> <td>Defined Contribution Plan</td> <td>316,800</td> <td>161,280</td> <td>33,600</td> <td>-</td> <td>51,480</td> <td>563,160</td> </tr> <tr> <td>Total</td> <td>4,788,808</td> <td>1,636,480</td> <td>974,300</td> <td>30,000</td> <td>575,034</td> <td>8,004,622</td> </tr> </tbody> </table> <p>Note * Resigned with effect from 25 February 2020. ** An Alternate Director to Tan Sri Dato' Lim Kang Hoo from 10 April 2018 to 24 February 2020 and designated as Executive Director with effect from 25 February 2020.</p> | | | | | | | Remuneration Received from the Company | Independent Non-Executive Directors | | | | | Total | Dr. Wong Kai Fatt | Lim Ts-Fei | Kang Hui Ling | Chow Yoon Sam | Lee Wai Kuen | | (RM) | (RM) | (RM) | (RM) | (RM) | (RM) | Directors' Fee | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 150,000 | Remuneration Received from the Group | Executive Director | | | | | Total | Tan Sri Dato' Lim Kang Hoo | Tan Sri Datuk Seri Lim Keng Cheng | Dato' Lim Hoe | Lim Chen Heng | Lim Chen Thai | | (RM) | (RM) | (RM) | (RM) | (RM) | (RM) | Directors' Fee | 30,000 | 30,000 | 30,000 | 30,000 | - | 120,000 | Allowances | 66,000 | 66,000 | - | - | 66,000 | 198,000 | Salaries | 1,620,000 | 864,000 | 588,000 | - | 219,000 | 3,291,000 | Bonus | 2,700,000 | 480,000 | 300,000 | - | 210,000 | 3,690,000 | Benefits-in-Kind | 56,008 | 35,200 | 22,700 | - | 28,554 | 142,462 | Defined Contribution Plan | 316,800 | 161,280 | 33,600 | - | 51,480 | 563,160 | Total | 4,788,808 | 1,636,480 | 974,300 | 30,000 | 575,034 | 8,004,622 |
| Remuneration Received from the Company | Independent Non-Executive Directors | | | | | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Dr. Wong Kai Fatt | Lim Ts-Fei | Kang Hui Ling | Chow Yoon Sam | Lee Wai Kuen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (RM) | (RM) | (RM) | (RM) | (RM) | (RM) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Directors' Fee | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 150,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Remuneration Received from the Group | Executive Director | | | | | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Tan Sri Dato' Lim Kang Hoo | Tan Sri Datuk Seri Lim Keng Cheng | Dato' Lim Hoe | Lim Chen Heng | Lim Chen Thai | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (RM) | (RM) | (RM) | (RM) | (RM) | (RM) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Directors' Fee | 30,000 | 30,000 | 30,000 | 30,000 | - | 120,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Allowances | 66,000 | 66,000 | - | - | 66,000 | 198,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salaries | 1,620,000 | 864,000 | 588,000 | - | 219,000 | 3,291,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bonus | 2,700,000 | 480,000 | 300,000 | - | 210,000 | 3,690,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Benefits-in-Kind | 56,008 | 35,200 | 22,700 | - | 28,554 | 142,462 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Defined Contribution Plan | 316,800 | 161,280 | 33,600 | - | 51,480 | 563,160 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 4,788,808 | 1,636,480 | 974,300 | 30,000 | 575,034 | 8,004,622 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Explanation for departure : | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Measure : | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | | |
|-----------|---|--|--|
| Timeframe | : | | |
|-----------|---|--|--|

Intended Outcome

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

Practice 7.2

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

| Application | : | Applied | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|----------------------------|---|-------------------|----------------------------|-------------------|--|--|--|-------------------|-------------------|-------------------|-------------------|-------------------|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|---|---|---|--|---|---|---|---|---|--|---|---|---|---|---|
| Explanation on application of the practice | : | <p>Details of the remuneration of the Top 5 senior management (including salary, bonus, benefits in-kind and other emoluments) during the financial year 2020, are as follow:</p> <table border="1"> <thead> <tr> <th rowspan="2">Senior Management</th> <th colspan="5">Range of Remuneration (RM)</th> </tr> <tr> <th>200,001 – 250,000</th> <th>250,001 – 300,000</th> <th>300,001 – 350,000</th> <th>350,001 – 400,000</th> <th>400,001 – 450,000</th> </tr> </thead> <tbody> <tr> <td>Tham Beng Choy (Chief Executive Officer, Construction)</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>√</td> </tr> <tr> <td>Encik Zulkhanine Bin Shamsudin (General Manager - Construction)</td> <td>-</td> <td>-</td> <td>-</td> <td>√</td> <td>-</td> </tr> <tr> <td>Loh Pak Chun (General Manager – Highway Concessionaire)</td> <td>√</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>M.G. Menon (Chief Executive Officer, Food & Beverage)</td> <td>-</td> <td>√</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Jennifer Kuek (Head of Assets Management)</td> <td>-</td> <td>-</td> <td>√</td> <td>-</td> <td>-</td> </tr> </tbody> </table> | Senior Management | Range of Remuneration (RM) | | | | | 200,001 – 250,000 | 250,001 – 300,000 | 300,001 – 350,000 | 350,001 – 400,000 | 400,001 – 450,000 | Tham Beng Choy (Chief Executive Officer, Construction) | - | - | - | - | √ | Encik Zulkhanine Bin Shamsudin (General Manager - Construction) | - | - | - | √ | - | Loh Pak Chun (General Manager – Highway Concessionaire) | √ | - | - | - | - | M.G. Menon (Chief Executive Officer, Food & Beverage) | - | √ | - | - | - | Jennifer Kuek (Head of Assets Management) | - | - | √ | - | - |
| Senior Management | Range of Remuneration (RM) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 200,001 – 250,000 | 250,001 – 300,000 | 300,001 – 350,000 | 350,001 – 400,000 | 400,001 – 450,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tham Beng Choy (Chief Executive Officer, Construction) | - | - | - | - | √ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Encik Zulkhanine Bin Shamsudin (General Manager - Construction) | - | - | - | √ | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loh Pak Chun (General Manager – Highway Concessionaire) | √ | - | - | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| M.G. Menon (Chief Executive Officer, Food & Beverage) | - | √ | - | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jennifer Kuek (Head of Assets Management) | - | - | √ | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 7.3 - 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 | : | The disclosure of top senior management remuneration presented in the band of RM50,000 in Practice 7.2 has substantially reflected the amount of remuneration received by these senior management. |

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 | : | Presently, the members of the Audit and Risk Management Committee ("ARMC") comprising fully Independent Non-Executive Directors and the Chairlady of the ARMC, Ms. Kang Hui Ling is not the Chairman of 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

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 | : | When considering the appointment of former key audit partner from its current External Auditor's firm, the ARMC is mindful of the minimum two (2) years cooling off period best practice under the MCCG before appointing this partner as a member of the ARMC. Presently, none of the present members of the ARMC were former audit partners of the Company's auditors. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The policy on assessment of External Auditors are defined in the ARMC's terms of reference. As part of the ARMC review processes, the ARMC will obtain written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Annually, the ARMC also reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the Annual General Meeting. In assessing the External Auditors, the ARMC will consider the adequacy of resources of the firm, quality of service and competency of the staffs assigned to the audit as well as the auditors' independence and fee.</p> <p>The present External Auditors of the Company was engaged since 1993 and the External Auditors continue to practise and observe a 5-years engagement partner rotation policy.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | | |
|--|---|--|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | As reported in Practice 8.1, the members of ARMC comprising fully Independent Non-Executive 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.

| | |
|---|--|
| Application : | Applied |
| Explanation on application of the practice : | <p>The Board has established an effective and independent ARMC. Collectively, the ARMC possess a wide range of skills to discharge its duties and majority of its members are financially literate and are able to understand matters under the purview of the ARMC.</p> <p>The members of ARMC has undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. The training attended by the members of ARMC during the financial year are as follows:</p> |

| | Name of Directors | Trainings | Date |
|--|---|---|------------|
| | Lim Chen Thai | Corporate Liability Act - Defense Mechanisms for Management & the Company | 14.05.2020 |
| | Kang Hui Ling | Bursa Malaysia Thought Leadership Series Sustainability Inspired Innovations : Enablers of the 21st Century | 23.09.2019 |
| | | Corporate Liability Act - Defense Mechanisms for Management & the Company | 14.05.2020 |
| | Lim Ts-Fei | Corporate Liability Act - Defense Mechanisms for Management & the Company | 14.05.2020 |
| | Chow Yoon Sam | Demystifying The Diversity Conundrum : The Road to Business Excellence | 15.08.2019 |
| | | Corporate Liability Act - Defense Mechanisms for Management & the Company | 14.05.2020 |
| | Dr. Wong Kai Fatt | Corporate Liability Act - Defense Mechanisms for Management & the Company | 14.05.2020 |
| | Lee Wai Kuen | Demystifying The Diversity Conundrum : The Road to Business Excellence | 15.08.2019 |
| | | Bursa Malaysia Thought Leadership Series Sustainability Inspired Innovations : Enablers of the 21st Century | 23.09.2019 |
| | | Bursa Malaysia Diversity Xperience | 02.10.2019 |
| | | Session On Corporate Governance & Anti-Corruption | 31.10.2019 |
| | | Corporate Liability Act - Defense Mechanisms for Management & the Company | 14.05.2020 |
| | In addition, the Board has organised an in-house training on “Corporate Liability Act - Defense Mechanisms for Management & the Company” for all its members. | | |
| Explanation : for departure | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure : | | | |
| Timeframe : | | | |

Intended Outcome

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

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

Practice 9.1

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board as a whole responsible for the overall and oversight of risk management in the Group covering the systems of risk management and internal control for financial, operational and compliance while the Executive Directors and senior management team are primary responsible for managing risks in the Group.</p> <p>The Statement on Risk Management and Internal Control is set out on pages 50 to 53 of this Annual Report detailing the state and fundamentals of the risk management and internal control systems in the Group as well as the review mechanism of the Board.</p> <p>The Board has expressed in the said statement that they are satisfied with the effectiveness and adequacy the existing level of systems of risk management and internal control.</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 details of the risk management and internal control features as well as the Board review of the adequacy and effectiveness of these systems are presented in the Statement on Risk Management and Internal Control of the Annual Report.</p> <p>The Board has delegated and empowered the Audit and Risk Management Committee ("ARMC") with the responsibility in overseeing risk management in the Group. Following are the main mechanism applied by the ARMC to derive its view on the state of internal control and risk management in the Group:</p> <ul style="list-style-type: none">i. The ARMC assesses the adequacy and effectiveness of internal controls based on the internal audit findings presented by the Internal Auditors. These reviews are done quarterly where the Internal Auditors will present their internal audit report to the ARMC, and audit issues and action to be taken by management to address control deficiencies will be deliberated;ii. Management supplements the ARMC's review on internal control and risk management with the presentation of their quarterly financial performance and results to ARMC. In this case, the ARMC will consider the Group's performance vis-à-vis the risks and challenges in the business and measures taken by Management to address these risks and challenges;iii. Annually, upon completion of audit, the External Auditors will report to the ARMC on their audit findings. As part of this review, ARMC will obtain feedback from the External Auditors on risk and control issues noted by them in the course of their statutory audit; andiv. Assurance from Managing Director and Chief Finance Officer about the Group's risk management and internal control systems adequacy and effectiveness. |

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

Intended Outcome

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

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

Practice 9.3 - Step Up

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

| | | |
|--|---|--|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | The Board has established a combined function of audit and risk management under the ARMC. The members of ARMC comprises wholly Independent Non-Executive Directors. |

Intended Outcome

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

Practice 10.1

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The ARMC is assisted by an Internal Audit function, which is currently managed by IA Essential Sdn Bhd, an internal audit firm. Functionally, the Internal Auditors reports to the ARMC directly and is responsible for conducting periodic reviews and appraisals on governance, risk management and internal controls of the Group.</p> <p>Before approving the Internal Audit Plan, ARMC will review the audit directions and its appropriateness based on the Group's current and future operations. Progressively, ARMC also discuss with the Internal Auditor on the progress of the audit plan and ensured that the audit direction remains relevant taking into consideration any significant changes in the Group's operating environment.</p> <p>When reviewing the Internal Audit reports, the ARMC will consider the impact of the audit issues and assess whether management has provided their comments appropriately reflecting their commitment to the audit recommendations.</p> <p>A private session with the Internal Auditors was held without the presence of management by the ARMC during the year. The objective of this private session is to enable the Internal Auditors to exchange their views freely to the ARMC and also to allow the ARMC to guide the Internal Auditors in discharging their work effectively and independently.</p> <p>Details of the internal audit activities carried during the year are reported in the ARMC Report on page 54 and 55.</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 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 Function is carried out by IA Essential Sdn. Bhd. (“IA Essential”) an internal audit consulting firm.</p> <p>The internal audit function is headed by a Director who is assisted by a manager and audit executives. The Director in charge is Chong Kian Soon. Kian Soon is a member of Chartered Accountants Australia and New Zealand, the Malaysian Institute of Certified Public Accountants and the Institute of Internal Auditors Malaysia while the team members are accounting graduates.</p> <p>The Internal Auditors have performed its work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.</p> <p>Annually, the ARMC will review the internal audit engagement to ensure that the Internal Auditors’ objectivity and independence are intact.</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 | : | <p>The Group believes that clear and consistent communication with investors promotes better appreciation of the Company's business and activities and allows the Group's business and prospects to be evaluated fairly.</p> <p>Presently, the Board communicates with stakeholders by way of:</p> <ul style="list-style-type: none">i. the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements;ii. various announcements made to the Bursa Securities;iii. the Company website at https://ekovest.com.my. Shareholders or investors may access information on the Group under "Investor Relations" link encompassing financial, stock information, corporate governance practices and announcements to Bursa Securities;iv. shareholders interaction during the general meetings; andv. meetings with research analysts and fund managers if required to provide them with insight of business in 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 | : | <p>Whilst the Company has not adopted the integrated reporting, the Board assures the shareholders that the information disclosed in the annual report is in line with current regulatory and statutory requirements and guidelines.</p> <p>Similar with last year, the Company has reported its Sustainability Statement on pages 34 to 41 of its Annual Report and has continued to enhance its information in the annual report in order to improve stakeholders' understanding and appreciation of the Company's financial results, business performance and operations of the Group.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | The Board will continue to enhance the content of its annual report. The Board will also engage with and respond to stakeholders' queries, if any by providing more information to complement their knowledge and understanding of the Company. |
| Timeframe | : | This practice will be reviewed annually. |

Intended Outcome

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

Practice 12.1

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>In order to promote shareholders' participation and engagement with the Board and senior management effectively in the AGM, the Board would ensure that the Notice of the AGM is sent to shareholders at least 28 days ahead of the date of general meeting. The Board would also ensure that this Notice contains details of resolutions proposed along with background information and explanatory notes that are relevant.</p> <p>By doing so, shareholders will have sufficient time to prepare for their schedule and consider the resolutions that will be discussed and decided at the AGM and will be able to make informed decision when exercising their voting rights.</p> <p>In the last AGM, the company had issued its notice of AGM twenty eight (28) day prior to the meeting.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 12.2

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

| | | |
|--|---|--|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | Except for the Executive Chairman, all Board members had attended the last Annual General Meeting. In the absence of the Executive Chairman the last AGM was chaired by the Managing Director. Questions raised in the AGM were fully answered and responded to by the respective and appropriate Board members and key senior management to whom the questions were directed to. |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | Going forward, the Board will ensure its full attendance in the General Meeting by its Board members. The respective Chairmen of the Board Committees will attend to questions raised pertaining to their duties. |
| Timeframe | : | In the upcoming AGM |

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 | : | <p>The Company holds its past years' General Meetings at venues which are accessible by shareholders and not at remote locations.</p> <p>Shareholders who are unable to attend the Annual General Meeting are advised that they can appoint proxies to attend and vote on their behalf by completing the proxy form enclosed in the Annual Report and depositing it at the Registered Office at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.</p> <p>All resolutions set out in the Notice of Annual General Meeting were put to vote by poll electronically. An independent scrutineer was appointed to validate the vote cast in the last Annual General Meeting. The outcome of the Annual General Meeting was announced to Bursa Securities on the same meeting day while the summary of key matters discussed during the Annual General Meeting were posted on the Company's website.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | Considering the Covid 19 pandemic situation and the improvement in the stability of virtue meeting platform and system, the Company will hold its first virtue shareholder meeting in the coming AGM. |
| Timeframe | : | The measure will be revisited annually |