

CORPORATE GOVERNANCE REPORT

STOCK CODE : 9881
COMPANY NAME : Leader Steel Holdings Berhad
FINANCIAL YEAR : December 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.

Application	: Applied
Explanation on application of the practice	<p>The present Board of Directors ("Board") of Leader Steel Holdings Berhad ("LSH" or "the Company") comprises members with wide ranging skill sets and experience in different fields such as general management, public policy, production, sales and marketing, accounting and finance, legal, engineering and information technology.</p> <p>The Board leads and controls the Group by providing strategic guidance to the management, effective oversight on governance and overseeing the Group's business affairs. Its principal responsibilities are disclosed in Annual Report 2021.</p> <p>There is a formalised schedule of matters that is reserved for the Board decision to ensure that the direction and control of the Group is firmly in its hands. This includes strategic issues and planning, material acquisition and disposal of assets, capital expenditure, authority levels, treasury policies, risk management policies, appointment of auditors and review of the financial statements, financing and borrowing activities, ensuring statutory compliance and reviewing the adequacy and integrity of internal controls.</p> <p>In discharging the Boards responsibilities, the Board is assisted by the following Board committees:</p> <p>I. Audit Committee ("AC") The AC was established on 14 August 1995. Please refer to the Audit Committee Report in this Annual Report for details on the composition, terms of reference and activities of AC during FYE2021.</p> <p>II. Nominating Committee ("NC") The NC was formed on 26 August 2002. Please refer to Section 5 for details on the composition and activities of NC in FYE2021.</p>

	<p>III. Remuneration Committee (“RC”) The RC was formed on 26 August 2002. Please refer to Section 7 for details on the composition and activities of RC in FYE2021.</p> <p>Each of the Board Committee operate within its respective terms of reference which have been approved by the Board. These terms of reference are reviewed periodically by the Board to ensure that they remain relevant and adequate in governing the functions and responsibilities of the committee concerned and reflect the latest development in Main Market Listing Requirement (“MMLR”) and Malaysia Code on Corporate Governance (“the Code”).</p> <p>All decisions and deliberations at board committee level are properly minuted. The Chairman of the board committees reports to the Board on the outcome and recommendations made during the board committee meetings for further deliberation and approval.</p> <p>The Managing Director is responsible for the day-to-day management of business and operations with support from the Executive Directors, Chief Financial Officer, senior management team and the various management committee established for the purpose of managing various matters within the Group.</p> <p>Through the Risk Management Committee (“RMC”), the executive leadership oversees all risk management matters including policy development and mitigating action plans. The RMC advises the AC on areas of high risk and adequacy of various compliance and control procedures implemented.</p> <p>The NC assists the Board to ensure that there is an effective and orderly succession plan in place for the Board, reviews existing composition for diversity in terms of gender, ethnicity as well as mix of skills / experience. Subsequent to the year end, the Board appointed Abdull Sukor Bin Sukor as Independent Non-Executive Director (“INED”) as part of INED succession while taking into consideration board requirement for a candidate with professional experience and technical skills relevant to the industry as well as ethnic diversity.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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>Tan Sri Dato' Mohd Desa bin Pachi is the Independent Non-Executive Chairman of the Board of the Company. His profile is outlined under the Profile of Directors sub-section in the Annual Report 2021.</p> <p>The Chairman of the Board is responsible for leading the Board and ensuring that all Directors receive on a timely manner, sufficient and relevant financial and non-financial information to enable them to participate actively in Board discussions.</p> <p>The Chairman leads governance activities on the Board to create a conducive condition geared towards building and growing Directors' effectiveness and ensure that appropriate issues are discussed by the Board in a timely manner. As part of that role, Chairman ensures that no member dominates discussion so that appropriate discussions take place and that relevant opinions among members is forthcoming.</p> <p>Other roles of the Chairman include leading the Board in the oversight of management, ensuring adequacy and integrity of the governance process and issues, maintain regular dialogue with MD/EDs over operational matters and seek opinion of fellow Board members over any matters that give cause for major concerns.</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	:	<p>There is a clear and separate division of responsibility in the roles and duties of the Chairman and Managing Director ("MD"). The Board has always maintained that the position of the Chairman and MD shall not reside with the same person.</p> <p>The current Board Chairman, Tan Sri Dato' Mohd Desa bin Pachi is an INED and is tasked with the responsibility on matters pertaining to the Board and overall conduct of the Board.</p> <p>The current MD, Datin Tan Pak Say leads the management team together with two (2) Executive Directors. She is responsible for daily conduct of the Group's business affairs, implementation of corporate strategies and report operational performance of the Group to the Board on regular intervals.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Departure
Explanation on application of the practice :	
Explanation for departure :	<p>According to the Practice 1.4 of the MCG 2021, the Chairman of the board should not be a member of the Audit Committee ("AC"), Nomination Committee ("NC") or Remuneration Committee ("RC").</p> <p>During FYE2021, the Chairman of the Board was also the Chairman of the NC and RC. This represents a departure from Practice 1.4 of the Code.</p> <p>This was subsequently rectified on 24 February 2022. As Tan Sri Dato' Mohd Desa bin Pachi stepped down as Chairman and members of NC and RC on 24 February 2022. Hence The Company is in compliance with Practice 1.4 of the MCG whereby the Chairman of the Board, Tan Sri Dato' Mohd Desa bin Pachi ("the Chairman") is not a member of the AC, NC or RC.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.5

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 Joint Company Secretaries who are competent, adequately qualified and experienced. The Joint Company Secretaries are responsible for ensuring that the conduct of affairs of Board is in accordance with the applicable rules and regulations. The Joint Company Secretaries advise the Board on any changes to regulatory requirements, listing rules and corporate governance matters as and when it arises.</p> <p>All members of the Board have direct access to the advice and services of the Joint Company Secretaries for the purposes of the Boards affairs.</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 1.6

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>Prior to every Board meeting, each member of the Board is supplied on a timely basis, the agenda of the meeting and a comprehensive set of board papers consisting of supporting documents relating to matters to be discussed in the meeting. This includes, amongst others, quarterly and annual financial results of the Group, performance analysis, status of major project or material litigation (if any), corporate dealings and proposals, future projects to be undertaken by the Group, minutes of the previous Board meeting and minutes of the Board committee meetings.</p> <p>The board papers are usually distributed to the members of the Board seven (7) days in advance before each meeting to allow them sufficient time to review, consider and deliberate knowledgeably on the matters to be tabled.</p> <p>Members of the management team and external professional advisors appointed by the Company will also be invited to furnish their views to the Board should the need arise.</p> <p>In between scheduled Board meetings, decisions on matters requiring Board approval are sought by way of circular resolution in writing, supported with all relevant information for the Board's to make informed decision. All circular resolutions approved by the Board are tabled for notation at the subsequent Board meeting.</p> <p>Where necessary, the Board may engage independent professional advice, where necessary and in appropriate circumstances, in furtherance of its duties at the Group's expense.</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	:		
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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 Charter sets out the roles, duties and responsibilities of the Chairman, MD, Executive Director (“ED”), Board and Board committees. The Board charter also includes a schedule of matters to be reserved for collective decision of the Board. The Board Charter serves as a primary source of reference and primary induction literature, providing insight to prospective Board members and the senior management.</p> <p>The Board Charter, a copy of which is available on the Company’s website at www.leadersteel.my, is subject to periodic reviews and will be updated when necessary.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 put in place Code of Conduct and Ethics for the Company. Conduct and Ethics for the Company. The Code of Conduct and Code of Ethics is subject to periodic review and is available on the Company's website. These codes provide guidance to directors and employees to ensure that they uphold high ethical standard in discharging their duties.</p> <p>The Board has also adopted an Anti-Bribery and Anti-Corruption Policy in line with the provisions of the Malaysian Anti-Corruption Commission Act 2009 including its statutory modification, amendment or re-enactment thereof for the time being in force. The policy provides guidance to the Directors, employees and business associates of the Group as to specific act of bribery and corruptions including matters relating to proper reporting of such act.</p> <p>Both Code of Conduct and Ethics together with Anti Bribery and Anti-Corruption Policy are published at the Company's website at www.leadersteel.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>On 24 February 2022, the Company adopted a Whistleblowing Policy, with the objective of providing an avenue for all employees of the Group, suppliers, customers or members of public to disclose any improper conduct, malpractices, irregularities or wrongdoings in the Group and to provide protection to the persons who reported such matters of concern. All malpractices or wrongdoings reported by the whistleblower are to be directed to the MD of the Company.</p> <p>Prior to the adoption of the policy, the Group relied on the provisions of the Whistleblowers Protection Act which came into effect in 2010.</p> <p>A copy of the policy is available on the Company's website at www.leadersteel.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that sustainable development is an important and integral part of the Group's pursuit of its long-term business success. The Board is responsible for the development of the Group's sustainability strategies.</p> <p>The risk management committee comprises mainly of the senior management have been entrusted to drive strategic management of material sustainability matters.</p> <p>On 24 February 2022, the board appointed the Chief Financial Officer ("CFO") to drive strategic management of material sustainability matters.</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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied	
Explanation on application of the practice	:	<p>The management has set sustainability targets and communicated with the key stakeholders. Implementation strategies are developed and measured continuously.</p> <p>The Board is cognisant of the material sustainability matters and would The Board will meet and schedule an agenda item to discuss key sustainability matters at least once a year going forward.</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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	The Boards are appraised, and they provide their views and opinions on any of the Group’s sustainability issues during the Board meetings.	
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board recognises the importance of sustainability in all its business operation and would include sustainability as one of the criteria in the performance evaluations of all employees including its board members.	
		Please refer to the Sustainability Statement which outlined sustainability activities undertaken by the Group.	
<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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Adopted
Explanation on adoption of the practice	:	The CFO, Mr. Ooi Teik Huat, was appointed as the designated person on sustainability to ensure the sustainability framework is adhered to within the Group and continuously engages with relevant internal and external stakeholders such as employees, customers, suppliers, regulators, investors and industry association/ civil society to ensure the Group's sustainability focus areas remain relevant and identify new ones that could add value to the businesses and stakeholders.

Intended Outcome

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

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The NC reviews the composition of the Board annually to ensure that the Board is of the right size, with the right mix of skills and diversity of experience.</p> <p>The NC also evaluates the performance of each director on an annual basis. Recommendation for annual re-election of director is made upon satisfactory evaluation of the director's performance and contribution 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 5.2

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	:	<p>The Board comprises a majority of INEDs, which represents approximately 57% of the Board in 2021.</p> <p>The Board is also in compliance with chapter 15.02 of the MMLR, which requires at least two (2) directors or one-third (1/3) of the Board of the Company, whichever is the higher, to be independent directors.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Code recommends that the tenure of an INED does not exceed a cumulative or term of nine (9) years. Upon completion of the nine years, an independent director may continue to serve on the Board as a Non-Independent Director.</p> <p>The Code further states that if the Board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.</p> <p>As at 31 December 2021, 2 out of 4 INEDs of the Group has exceeded the prescribed nine (9) years cumulative term.</p> <p>The Board intends to retain the services of Mr Lim Leng Han and Encik Mohd. Arif bin Mastol who have served the Board as INEDs since their respective appointment as INED 25 July 1994 and 28 June 2002 and will seek shareholders approval in the coming annual general meeting.</p> <p>The NC had evaluated the performance of the directors concerned individually especially with regards to their ability to remain independent in line with the definition of independent director in MMLR. The NC is satisfied with their ability to continue to act as INED and to act in the best interest of the Company and the Group.</p> <p>Key justifications to retain them as INEDs are as follows:</p> <p>(a) They have remained objective and independent in expressing their views during deliberation and decision-making of the Board and the Board Committees. Their judgement is not clouded by familiarity.</p>

	<p>(b) They had fulfilled the criteria on independence as prescribed by Bursa Securities and have always been able to bring elements of objectivity and impartiality that provide check and balance to the executive team.</p> <p>(c) They provided the Board with a diverse set of experience, skill and expertise.</p> <p>(d) They had carried their duties diligently and had participated actively during deliberations of both Board and Board Committees by bringing different perspectives and balanced assessment to deliberation and decision-making.</p> <p>(e) They understand the business and operations of the Group as they have been with the Company for some time. Therefore, they are able to participate effectively during meetings.</p> <p>Their continuation to serve as INED will ensure that the Group will not suffer from a sudden loss of skilled and experienced directors and enable the Group to have adequate time to identify new candidates to serve as future INED.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
Application	: Not Adopted
Explanation on adoption of the practice	: The Group has not adopted a policy which limit the tenure of independent directors to nine years without further extension.

Intended Outcome

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

Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supportive of diversity on the Board and in senior management team. Apart from their capacity to serve the Board effectively, appointment of Board and senior management personnel are based on objective criteria, merit and with due regard for diversity in skills, experience, age and cultural background and gender.</p> <p>The current Directors, with their diverse background and professional specialization, collectively, bring with them a wealth of experience and expertise in areas such as general management and operations, legal, commercial, engineering, finance and accounting, corporate affairs, manufacturing, information technology as well as sales and marketing.</p> <p>The terms of reference of NC was updated on 24 February 2022 to ensure that any recommendation to appoint person linked to executive power or active politicians would be avoided.</p> <p>The diversity of the Board and senior management is reviewed annually by NC.</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 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board relies on a few sources to identify candidate for directorship, including recommendation from Directors. The terms of reference of the NC was updated on 24 February 2022 to allow NC to utilise independent sources to identify suitably qualified candidates, if such needs arise.</p> <p>Before recommending candidate for directorship, NC will perform independent background check on the candidate using information from independent sources.</p> <p>There was no appointment of Director during the year under review.</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 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>The profiles of Directors are published in the Annual Report. Information contained therein included age, gender, tenure of service, directorship in other companies, working experience and any conflict of interest as well as shareholding in LSH.</p> <p>To ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director, a brief profile of director concerned together with statement from the Board (on whether it support the appointment or reappointment) will be included in the agenda of meeting when such appointment or reappointment is considered.</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 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	<p>In FYE2021, Tan Sri Dato' Mohd Desa bin Pachi who is the Chairman of the Board and INED, is the Chairman of NC. He relinquished his position as the Chairman of NC subsequent to FYE2021.</p> <p>Mr. Lim Leng Han, the Senior INED assumed the chairmanship of NC on 24 February 2022.</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 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The presence of two (2) female executive Board members on the Board in FYE2021 reflected 29% female representation and testified to the Group's commitment on gender diversity in the Board.	
<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 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is supportive of gender diversity in the Board and in its senior management team. Within its rank of senior management, the Group has 51.8% female representation, a strong testament to the Group's commitment towards gender diversity.</p> <p>Presently, the Board is of the view that there is no necessity for a gender diversity 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

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

Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>NC carries out annual evaluation on the Board, board committees and directors to assess the effectiveness of the Board.</p> <p>The evaluation assessment is performed on a self-assessment basis. All Directors are provided with the same set of assessment forms for their completion. The results of all assessments and comments by Directors are summarised and tabled at the NC meeting. The Chairman of the NC will report the results and deliberation to the Board. In the event any gap is note, the NC will recommend remedial action to the Board.</p> <p>The criteria used in the assessment of the Board and the Board Committees focussed on board mix and composition, quality of information and decision-making, boardroom activities, board’s relationship with management and board committees.</p> <p>The assessment of individual Director focussed on contribution and performance, calibre and personality, skills set and independence.</p> <p>The results on the assessment in respect of FY2021 was deemed satisfactory by the NC and 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	:		
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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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>Directors' Remuneration Policy for Directors and Key Senior Management is available on the Company's website. The policy is subject to regular review.</p> <p>The objective of the policy is to determine the level of remuneration package of Executive Directors and Group Chief Financial Officer. The component of their remuneration package is linked to the scope of duties and responsibilities, taking into accounts their skills and experience, and the performance of the Group. The Executive Directors played no parts in deciding their own remuneration and would abstain from all discussions relating to their remuneration.</p> <p>As for Non-Executive Directors, the level of remuneration is reflective of their experience, expertise, contribution to the Group, duty and level of responsibilities undertaken by them including the number of Board meetings attended. The determination of Directors' fees for the Non-Executive Directors including that of Non-Executive Chairman of the Board shall be a matter for the Board as a whole.</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 7.2

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 term of reference of RC, formed on 26 August 2002 together with the Directors' Remuneration Policy is available on the Company's website.</p> <p>The RC is empowered by the Board and its terms of reference to review and recommend matters pertaining to the remuneration of the Board and senior management. The RC also reviews the Group's Remuneration Policy and Procedures for Directors and Senior Management on a regular basis.</p> <p>The current composition RC, comprises solely of INEDs is as follows:</p> <table><tr><td>Chairman</td><td>Mr Lim Leng Han</td></tr><tr><td>Members</td><td>En Mohd Arif bin Mastol Datuk Abdullah Bin Haji Kuntom</td></tr></table> <p>In FYE2021, the RC convened 1 meeting and full attendance of the members was recorded in the meetings. At its sole meeting, RC approved bonus payment, annual increment and reinstatement of salaries to the executive team as well as service fees for the Chairman and members of the AC.</p>	Chairman	Mr Lim Leng Han	Members	En Mohd Arif bin Mastol Datuk Abdullah Bin Haji Kuntom
Chairman	Mr Lim Leng Han					
Members	En Mohd Arif bin Mastol Datuk Abdullah Bin Haji Kuntom					
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	:		
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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 8.1

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	:	Remuneration package of EDs and senior management comprises salary, bonus, statutory contributions, directors' fee and benefits-in-kind. For INEDs they are entitled to annual directors' fee, allowances and meeting allowances. The remuneration paid and/or payable to the Directors in respect of FY2021 are categorised as follows:

No	Name	Directorate	Company							Group						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary ¹	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tan Sri Dato' Mohd Desa bin Pachi	Independent Director	30,000	4,000	0	0	0	0	34,000	0	46,000	0	0	0	0	46,000
2	Mr. Lim Leng Han	Independent Director	36,000	6,000	0	0	0	0	42,000	0	0	0	0	0	0	0
3	Encik Mohd. Arif bin Mastol	Independent Director	33,000	6,000	0	0	0	0	39,000	0	0	0	0	0	0	0
4	Datuk Abdullah bin Haji Kuntom	Independent Director	33,000	4,500	0	0	0	0	37,500	0	0	0	0	0	0	0
5	Datin Tan Pak Say	Executive Director	30,000	2,500	0	0	0	0	32,500	0	0	1,052,344	521,400	13,325	0	1,587,069
6	Dato' Goh Cheng Huat	Executive Director	30,000	1,500	0	0	0	0	31,500	0	0	0	0	0	0	0
7	Ms. Goh Wan Jing	Executive Director	30,000	2,500	0	0	0	0	32,500	0	0	272,721	123,000	0	0	395,721

¹ EPF, SOCSO and EIS are included herein

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 8.2

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

Application	:	Departure																
Explanation on application of the practice	:																	
Explanation for departure	:	<p>Remuneration packages of senior management comprises salary, bonus, statutory contributions and benefits-in-kind which commensurate with the scope of work, their performance, and level of skills and experience.</p> <p>The Board has chosen not to disclose the remuneration of the top 5 senior management personnel (who are not director of the Company) on a named basis as the Board considered the information of the remuneration of these personnel to be sensitive and proprietary.</p> <p>However, the Board has chosen to disclose the remuneration of the top 5 senior management personnel in bands instead of named basis. The Board is of the view that this will fulfil the transparency and accountability aspects of corporate governance applicable to senior management:</p> <table border="1"><thead><tr><th>Remuneration range</th><th>No. of senior management staff</th></tr></thead><tbody><tr><td>Below RM200,000</td><td>-</td></tr><tr><td>Between RM200,001 to RM250,000</td><td>3</td></tr><tr><td>Between RM250,001 to RM300,000</td><td>-</td></tr><tr><td>Between RM300,001 to RM350,000</td><td>-</td></tr><tr><td>Between RM350,001 to RM400,000</td><td>1</td></tr><tr><td>Between RM400,001 to RM450,000</td><td>-</td></tr><tr><td>Between RM450,001 to RM500,000</td><td>1</td></tr></tbody></table>	Remuneration range	No. of senior management staff	Below RM200,000	-	Between RM200,001 to RM250,000	3	Between RM250,001 to RM300,000	-	Between RM300,001 to RM350,000	-	Between RM350,001 to RM400,000	1	Between RM400,001 to RM450,000	-	Between RM450,001 to RM500,000	1
Remuneration range	No. of senior management staff																	
Below RM200,000	-																	
Between RM200,001 to RM250,000	3																	
Between RM250,001 to RM300,000	-																	
Between RM300,001 to RM350,000	-																	
Between RM350,001 to RM400,000	1																	
Between RM400,001 to RM450,000	-																	
Between RM450,001 to RM500,000	1																	

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

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.				
2	Input info here	Input info here	Choose an item.	Choose an item.				
3	Input info here	Input info here	Choose an item.	Choose an item.				
4	Input info here	Input info here	Choose an item.	Choose an item.				
5	Input info here	Input info here	Choose an item.	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 8.3 - 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 Board takes the view that there is no necessity for the Group to disclose the detailed remuneration package of senior management on a named basis, given the competitive human resource environment, as such disclosure may give rise to talent retention issues.

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here						
2	Input info here	Input info here						
3	Input info here	Input info here						
4	Input info here	Input info here						
5	Input info here	Input info here						

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 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Chairman of the AC is not the Chairman of the Board.</p> <p>The AC of the Company is chaired by Mr. Lim Leng Han, Senior INED. The Chairman of the Board was never a member of the AC.</p> <p>Details on the composition, TOR and other pertinent facts of the AC is outlined under the AC Report in the Annual Report.</p> <p>The scope of work of the external auditors is ascertained by the AC, with bi-annual meetings held between the AC and the external auditors in the absence of executive Board members and Management staff.</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 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	There is no former audit partner in the AC of the Group. The updated terms of reference of the Group's AC requires that in the event the Board wishes to appoint former key audit partners to the AC, the candidate shall observe a cooling-off period of at least 3 years.	
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 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>BDO PLT is the external auditors of the Group. They were invited to present to AC their audit plans before they commence the audit of the Group and upon completion, their audit results and matters requiring AC’s attention, if any.</p> <p>The AC evaluates annually the suitability, objectivity and independence of external auditors in order to safeguard the quality and reliability of the Group’s audited financial statements.</p> <p>The evaluation process covers the assessment of inter-alia the external auditors’ independence, performance, competency, quality of work, level of service, audit fees and the adequacy of resources.</p> <p>The AC met with the external auditors at least twice (2) a year without the presence of EDs or senior management to allow the AC and the external auditors to exchange independent views on matters which require the AC’s attention.</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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The AC complies with the Step-Up recommendation of the Code requiring all members to be independent. All members of the AC are 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 9.5

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

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

Application	:	Applied	
Explanation on application of the practice	:	The AC currently comprised of members with professional experience in financial, legal and public service environment. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy gave the AC the ability to effectively discharge their roles and responsibilities. The Board, via the NC has reviewed the effectiveness and the composition of the AC and is satisfied with the members competency and the AC's 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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors recognises the importance of a sound risk management framework and internal controls system in order to safeguard the Group's assets and therefore, shareholders' investment in the Group.</p> <p>There is an ongoing process for identifying, evaluating and managing significant risks faced by the Group. The Board confirms its overall responsibility for the Group's system of internal controls to manage these risks. The Board constantly reviews the adequacy and integrity of financial, operational and compliance controls.</p> <p>The Statement on Risk Management and Internal Controls in this Annual Report provides an overview on the state of internal controls and risk management within the Group.</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 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has established a RMC within its management team. The function of the RMC is to identify key business risks, formulate risk management strategy and put in place a sound internal control system to manage each key risks.</p> <p>When required, external professionals are engaged to assist the RMC to identify key business risks and to formulate risk management strategy.</p> <p>Internal auditors are engaged to review the effectiveness of internal control framework and process. They will report their findings to the AC regularly.</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 10.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	The Group has not complied with this step-up practice as the current RMC comprises wholly of management personnel. The Group will review the composition of RMC in the future.

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 11.1

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 Group outsourced the internal audit functions to an external professional firm.</p> <p>The internal auditors report directly to AC who will evaluate the competency, independence and quality of the internal auditors annually.</p> <p>The internal auditors present the annual audit plan to the AC and reports the findings of their internal audit activities to the AC upon completion of their assignment.</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 11.2

The board should disclose–

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

Application	:	Applied	
Explanation on application of the practice	:	The internal auditors are required to declare their independence to the AC. The AC has also received assurance from the internal auditors that they have adopted internal audit standards and best practices based on the International Professional Practices Framework (IPPF), endorsed by the Institute of Internal Auditors Malaysia. The external service provider is Finfield Corporate Services Sdn Bhd and RM16,000 was incurred for internal audit services for FYE2021.	
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 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the need for transparency and accountability to the Company's shareholders as well as regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company.</p> <p>The Company ensures that timely releases of the quarterly financial results, press releases and corporate announcements are made to its shareholders and investors, which are clear, unambiguous, succinct, accurate and contains sufficient and relevant information.</p> <p>LSH uses a number of formal channels to account to shareholders and stakeholders, particularly: -</p> <ol style="list-style-type: none"><u>1. Annual Report</u> Annual Report is a major channel of communication disclosing information not only on the Group's business, financials, sustainability initiatives and other key activities but also additional information such as operations, performance, challenges, and its management.<u>2. Announcements to Bursa Securities</u> Announcement of quarterly financial results, circulars and various announcements are made via Bursa LINK in full compliance with regulatory authorities' disclosure requirements. The same is also made available on LSH's own corporate website.<u>3. Company Website</u> All information posted via Bursa Link are also posted on the Company's corporate website.<u>4. AGM</u> Engagement with shareholders through the AGM held on 20 May 2021 provided effective communications with shareholders. Question and answer sessions will be held at these meetings wherein the Directors, senior management, Joint Company Secretaries and External Auditors will be available to answer any concerns or queries raised by the shareholders.

	<p>5. <u>Media Releases</u> Media releases are provided to the media on all significant corporate developments, announcements and business initiatives to keep the investing community and shareholders updated on the Group's developments.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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 12.2

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

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:	Integrated reporting is not applicable to the Group presently.	
<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 13.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company dispatches the notice of its Annual General Meeting (“AGM”) to shareholders on 28 April 2021, in compliance with requirement under the Companies Act 2016 to facilitate the convening of the AGM at the earliest possible time.</p> <p>Notice for AGM will be announced and given to shareholders at least 28 days prior to the AGM. The Notice is also published in at least a major local newspaper. The Notice will be accompanied by the relevant supporting information and explanation of resolutions to be proposed in the AGM.</p> <p>The Notice of AGM was inclusive detailed explanatory notes and background information on the proposed resolutions, where applicable, to enable shareholders to make informed decisions regarding the business agenda of the AGM.</p> <p>The Administrative Guide issued for AGM in 2021 provided shareholders with the detailed procedures of the virtual AGM, their entitlement to attend the AGM, their right to appoint a proxy and information as to who may count as a proxy. The Company allows a member to appoint a proxy who need not be a member of the Company.</p> <p>In addition, the Company also published the Notice of AGM on its website, released to the public via Bursa LINK and advertised in a local newspaper.</p>
<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 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	All directors attended the Twenty-Eighth (28th) Annual General Meeting (“AGM”) held on 20 May 2021, with the exception of Dato’ Goh Cheng Huat who was absent due to illness. The chair of AC, NC and RC attended the AGM to provide meaningful response to any questions posted to them.	
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 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied	
Explanation on application of the practice	:	The previous AGM dated 20 May 2021 was held virtually using remote participation and voting facilities. This allowed shareholders to participate and vote during the AGM without having to physically present at the meeting venue. The Company will consider to hold AGM on a virtual basis in the future and allow shareholders to actively participate and vote in absentia in the future AGMs.	
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 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>At the commencement of the 28th AGM, the Chairman, Tan Sri Dato' Mohd Desa Bin Pachi ("Tan Sri Dato' Chairman") briefed the members, corporate representatives and proxies present virtually at the Meeting of their right to ask questions and vote on the resolutions set out in the Notice of the 28th AGM dated 29 April 2022.</p> <p>Apart from Notice of AGM, all pertinent documents relating to the meetings were available for perusal and download from the Company's website besides being published at Bursa's website. The notices of meetings had included detailed explanatory notes and requisite information on the proposed resolutions, where applicable, to enable shareholders to make informed decisions regarding to the respective business agenda of the meetings.</p> <p>Shareholders were given the avenue to submit pre-meeting questions. None were received. In addition, shareholders were able to post live questions to the Board of Directors during the meetings for immediate interaction and deliberation with the Board as necessary.</p> <p>All Directors and senior management, Joint Company Secretaries and external auditors were present during AGM to engage with shareholders (physically and virtually) to address any areas of interest or concerned brought up by the shareholders.</p> <p>Shareholders will be provided with avenue to post their queries to the Company whether virtually on physically.</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

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

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Applied
Explanation on application of the practice	: <p>During the FY2021, the Company conducted its AGM on 20 May 2021 virtually with live-streaming and remote polling and voting (“RPV”) facilities through https://web.vote2u.app. The RPV facilities enabled voting in absentia and remote shareholders’ participation.</p> <p>The Company had convened virtual AGM in 2021 due to the following reasons:</p> <ul style="list-style-type: none">(a) Support government’s call to prevent spread of Covid-19 from face-to-face or physical meeting;(b) Encouragement of the Securities Commission Malaysia; and(c) Adopt technology proven for both of its reliability and ease of use that will help keep shareholders and directors and other invited guests safe throughout the AGM. <p>In order to prepare for the AGM and ensure that they were run smoothly and professionally, the Company had engaged Agmo Digital Solutions Sdn. Bhd. for the AGM. Agmo Digital Solutions Sdn. Bhd. has the infrastructure, tools and proven experienced in running the virtual meetings for listed issuers.</p> <p>The AGM was convened smoothly. No questions were received from shareholders.</p> <p>The system used to handle virtual AGM was tested prior to the AGM to ensure it can support written interactions between the Board and senior management team with the shareholders. It was noted that any questions raised by shareholders will could be posted on the meeting platform or read out by the host of the meeting before the Board is invited to respond to the questions.</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 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: Minutes and/or recordings of the AGM proceedings are posted on the Company's website within 30 days from the AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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