

CORPORATE GOVERNANCE REPORT

STOCK CODE : 8443
COMPANY NAME : HIL Industries 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 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 Group acknowledges the pivotal role played by the Board of Directors in the stewardships of its direction and operations. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for Management and monitoring the achievement of these goals.</p> <p>The Board of Hil Industries Berhad is committed to exhibit high standards of corporate governance. In fulfilling its role as stewards of the Company and its subsidiaries (collectively referred to as the Group), the Board is dedicated to discharge its duties with due care, skill and diligence.</p> <p>To ensure the effective discharge of its function and responsibilities, the Board has delegated specific responsibilities to three (3) sub-committees (Audit, Nominating and Remuneration Committees).</p> <p>These Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.</p> <p>The daily operations have been delegated to management. Management has been given the authority to decide on operational matters within certain set limits where quick decisions are important to the growth and success of the Company. Management is however accountable to the Board and must refer to the Board for decision where the matters are material and involves strategic decisions.</p>

	<p>The Group’s sustainability initiatives reflect its continuous drive towards maximising opportunities for strong fiscal growth and optimising operational efficiency in tandem with the long term value creation based on economic, environmental and social considerations. Details of the Group’s sustainability efforts are set out in its Sustainability Statement in the Annual Report 2021.</p> <p>The Board provides stewardship to the Group’s strategic direction and operations, and ultimately the enhancement of shareholders’ value. The Board is primarily responsible for:</p> <ul style="list-style-type: none"> • Reviewing and adopting the strategic plans for the Group; • Overseeing the conduct and performance of the Group to ensure they are being properly and appropriately managed; • Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; • Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management; • Developing and implementing investor relations programme or shareholders communication policy for the Group; and • Reviewing the adequacy and integrity of the Group’s management information and internal control systems. 	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock is the Chairman of the Company. His profile can be viewed on page 4 of the Company's Annual Report. He provides leadership so that the Board can perform its responsibilities effectively.</p> <p>As provided under the Company's Board Charter, the Chairman is responsible for, among others:</p> <ul style="list-style-type: none"> • Leading the Board in setting the values and standards of the Company; • Sets the board agenda and ensures that board members receive complete and accurate information in a timely manner; • Ensures that Directors receive Board papers in a timely manner and that Directors are properly briefed on issues arising in board meetings. • Leads board meetings and discussion; • Encourages active participation and allows views including dissent to be freely expressed. • Ensures that every Board resolution is put to vote and the will of majority prevails. • Plays a key role in the conduct of the General Meetings • Encouraging all Directors to play an active role in Board activities; and • Ensuring the provision of accurate, timely and clear information to Directors.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles of the Chairman and Managing Director are separate and clearly defined and are held by two distinct individuals. Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock is a Non-Independent & Executive Director and Chairman of the Board whereas Dato' Milton Norman Ng Kwee Leong is the Managing Director of Hil Industries Berhad.</p> <p>The Chairman is primarily responsible for the orderly conduct and working of the Board and is supported by the Managing Director. The Managing Director has the overall responsibility for the day-to-day running of the business and implementation of Board policies and decisions. The separation of power seeks to facilitate an appropriate balance of power to prevent any single individual from dominating deliberations and the decision-making process.</p> <p>The respective duties and responsibilities of the Chairman and the Managing Director are contained in the Board Charter.</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 :	Applied
Explanation on application of the practice :	The Chairman of the Board, Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock is not a member of the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") of the Company. He did not participate in any discussion in the Board Committees and did not attend any meetings of the Board Committees of the Company.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.5

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 Company Secretary of Hil Industries Berhad is Mr. Cheam Tau Chern. He is a member of the Malaysian Institute of Accountants ("MIA"), a Fellow of the Association of Chartered Certified Accountants ("FCCA") and holds a valid Practising Certificate issued by Suruhanjaya Syarikat Malaysia ("SSM") and is qualified to hold the position under Section 235 of the Companies Act 2016. He was appointed as the Company Secretary of the Group on 30 June 2017.</p> <p>The Company Secretary will update the Board on any regulatory changes and developments in corporate governance and the Main Market Listing Requirements of Bursa Securities and any other rules and regulations which are relevant to the Company.</p> <p>The Company Secretary has a direct functional reporting line to the Chairman and has been accorded with appropriate standing and authority to enable him to discharge his duties in an impartial and effective manner. The appointment or removal of the Company Secretary is the prerogative of the Board.</p> <p>The Company Secretary has attended training programmes and seminars during the year under review for continuous professional development and technical knowledge enhancement.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its function and duties.</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	:	All Board and Board Committee meetings follow an agenda which, together with sets of meeting papers containing information for each item on the agenda, are distributed to the Board/Board Committee members within a reasonable period prior to the meeting to ensure that Directors have sufficient time to evaluate the matters and be prepared for discussion at the meetings. However, sensitive or urgent matters may be tabled during the meetings. All proceedings of meetings including issues raised, deliberations and decisions of the Board as well Directors who abstained from deliberating or voting, are properly recorded. Minutes of the meetings are usually circulated to appropriate Directors including the Chairman of the meeting for comments before confirmation by the Board/Board Committees at their subsequent respective 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

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 :	<ul style="list-style-type: none">• The Board is guided by its Board Charter which clearly sets out the Board's strategic intent, roles and responsibilities in discharging its fiduciary and leadership functions.• Any subsequent amendment to the Charter can only be approved by the Board. Apart from setting out the roles and responsibilities of the Board, the Board Charter also outlines the membership guidelines, procedures for Board Meetings, Directors' remuneration, and investor relations and shareholder communication.• The Board Charter is reviewed periodically and updated in accordance with the needs of the Group to ensure its effectiveness and consistency with the Board's objectives and corporate vision. <p>The Board Charter is accessible for reference on the Group's website, http://www.hil.com.my.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Code of Conduct serves as a formal commitment by employees to conduct themselves professionally at all times and to do business in a transparent, appropriate and fair manner. The Code of Conduct is available on the Group's website, http://www.hil.com.my.</p> <p>The Code of Conduct covers the following overarching areas:</p> <ul style="list-style-type: none">• Conducting business ethically, fairly and with honesty;• Complying with laws including abuse of power, corruption, insider trading and money laundering;• Data protection and privacy laws;• Protection and proper use of corporate assets;• Maintaining complete and accurate business records; and• Respecting others in the workplace and society. <p>All employees of the Group are required to acknowledge that they have received, read and understood the provisions of the Code of Conduct.</p> <p>The Board reviews the Code of Conduct periodically or as and when the need arises to ensure it is kept contemporaneous.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's whistleblowing Policy provides an avenue for all the employees to report in good faith, belief and without malicious intent, on any suspected misconduct or actual wrongdoing by another employee or any person who has dealings with the Group.</p> <p>The main objective of the Whistleblowing Policy is to provide an objective point of escalation for employees or stakeholders to disclose in a bona fide manner any suspected acts of wrongdoings without any fear of reprisal. The Whistleblowing Policy provides guidelines for the reporting and the investigation of any wrongdoings. The other channels for whistleblowing can be accessed at the Group's website, http://www.hil.com.my.</p> <p>The Board together with Management, reviews the Whistleblowing Policy periodically or as and when the need arises to ensure it is kept contemporaneous.</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 together with Management takes responsibility for the governance of sustainability in the Group, including setting its sustainability strategies, priorities and targets.</p> <p>Sustainability at HIL Industries Berhad is led by the Board of Directors which has oversight over the Group’s sustainability strategy, direction and performance. The Board is supported in carrying out functions by the Sustainability Committee, comprising three Committee members. The Sustainability Committee works in collaboration with all departments to ensure that the Group’s sustainability performance is reported to the Board and updated accurately, whilst providing support on corporate 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 Board acknowledges the importance of being transparent and accountable to the Company’s internal and external stakeholders on the Company’s sustainability risks and opportunities.</p> <p>Our interaction involves a large number of different stakeholder groups and this kind of engagement is important to ensure that we can identify, prioritize and address material matters to be adopted in our business strategies.</p> <p>The details of the Company’s sustainability strategy, priorities and targets as well as performance has been reported in the Sustainability Report in the Annual Report 2021.</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	:	<p>Climate change, resource scarcity and the improper management of waste and effluents are pressing global environmental issues that can pose regulatory, physical and reputational risks to any company's operations.</p> <p>The Company has embarked on several initiatives such as energy management, waste management, water management and efficient electricity consumption in relation to climate change.</p> <p>The Board will continue to constantly keep abreast on the relevant requirements and matters concerning the sustainability, including the latest developments in industry as well as the sustainability issues relevant to 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

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	:	A detailed study is required for developing the criteria for the performance evaluations of the Board and the Management to address the material sustainability risks and opportunities.	
		The Company does not have any alternative practice currently.	
<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 :	Not Adopted
Explanation on adoption of the practice :	

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	:	The Nominating Committee has assessed the Board composition and is satisfied that the current size and composition of Directors is adequate to provide a balance mix of skills and experience, as well as the objectivity required in the boardroom.	
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 eight (8) members, four (4) of whom are Independent Directors and they are as follows:</p> <ul style="list-style-type: none"> • Tan Sri Dato' Dr. Sak Cheng Lum • Mat Ripen Bin Mat Elah • Ooi Hock Guan • Ooi Hun Yong <p>The presence of Independent Non-Executive Directors helps in providing independent and constructive views, advice and opinions to the benefit of the investors, customers and other stakeholders.</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	:	Applied
Explanation on application of the practice	:	<p>Mr. Ooi Hock Guan, Tan Sri Dato' Dr. Sak Cheng Lum and Tuan Mat Ripen Bin Mat Elah have served on the Board for a cumulative term of more than nine (9) years and they remain objective and independent in expressing their views and in participating in deliberations and decision-making of the Board and Board Committees. The length of their services on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of the Company. They have exercised due care during their tenure as Independent Non-Executive Directors of the Company and have carried out their professional duties in monitoring and making recommendations for implementation to enhance value to the Company and Group.</p> <p>The Board has recommended that the approval of the shareholders be sought to retain them as Independent Non-Executive Directors of the Company at the forthcoming 52nd Annual General Meeting. The Board will seek shareholders' approval through a two-tier voting process to retain the Independent Directors who have served on the Board for a cumulative term of more than nine years.</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 5.4 - Step Up

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

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.

Application :	Not Adopted
Explanation on adoption of the practice :	

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 acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognizes the benefits of diversity at leadership and employee level. Having a range of diversity dimensions brings different perspectives to the boardroom and to various levels of Management within the Group. The Nominating Committee is responsible to lead the process for the nomination of new Board appointments and making the necessary recommendations.</p> <p>In making its recommendations to the Board, the Nominating Committee considers and assess the suitability of a new appointment based on objective criteria, including skills, knowledge, expertise, experience, professionalism and integrity.</p> <p>In respect of the appointment of Directors, the Company practices a clear and transparent nomination process which involves the following five (5) stages: Stage 1: Identification of candidates Stage 2: Evaluation of suitability of candidates Stage 3: Meeting up with candidates Stage 4: Final deliberation by the Nominating Committee Stage 5: Recommendation 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	:	

Intended Outcome

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

Practice 5.5

Timeframe	:	
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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 Nominating Committee is responsible for recommending suitable candidates for Directorships to the Board. In undertaking this responsibility, the Nominating Committee leverages on several sources to “cast a wider net” and gain access to a wide pool of potential candidates. The responsibilities of the Nominating Committee in this regard are outlined in its Terms of Reference.</p> <p>In evaluating potential candidates, the Nominating Committee will assess directorship suitability based on objective criteria, including:</p> <ul style="list-style-type: none"> • Qualification; • Skills, knowledge, expertise and experience; • Professionalism • integrity; and • Time commitment to the Company. <p>In searching for suitable candidates, the Nominating Committee may receive suggestions from existing Board Members, Management, and major shareholders. The Committee is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</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

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	:	The Board has included a statement in the Notes Accompanying the Notice of AGM 2022 that they were supportive of the reappointment of Directors and the reasons in the Notice. The information (name, age, gender, working experiences, conflict of interest and directorship in other companies) are included under the Profile of Directors in the Annual Report 2021.
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	:	The Nominating Committee Chairman is Tuan Mat Ripen Bin Mat Elah, who is an Independent Non-Executive Director of the Company.	
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 Board has not defined the Company's policies on gender diversity target. The Board selects candidates based on skills, expertise, knowledge and experience. The Board also considers female representation in the Board but recognises the challenges in achieving the right balance of gender diversity.	
<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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company needs time to design a policy that is practical.	
<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>The Nominating Committee is responsible for the Board Effectiveness Evaluation (BEE) process, covering the Board, Board Committees and individual Directors, including Independent Directors.</p> <p>The Nominating Committee, upon conclusion of the BEE exercise, was satisfied that the Board and Board Committee composition had fulfilled the criteria required, possess a right blend of knowledge, experience and the appropriate mix of skills. In addition, there was mutual respect amongst individual Directors which contributed to a healthy environment for constructive deliberation and robust decision-making process. Independent Directors were assessed to be objective in exercising their judgment.</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 7.1

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	:	<ul style="list-style-type: none">• The objective of the Group's remuneration policy is to attract and retain the Directors and Senior Management required to lead and control the Group effectively.• In the case of Executive Director and Senior Management, the components of the remuneration package are linked to corporate and individual performance.
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 Board has a Remuneration Committee which comprises a majority of Non-Executive Directors. The membership of the Remuneration Committee is outlined below:</p> <ol style="list-style-type: none">1. Mat Ripen Bin Mat Elah (<i>Independent and Non-Executive Director and Chairman of the Remuneration Committee</i>)2. Dato' Milton Norman Ng Kwee Leong (<i>Non-Independent and Executive Director</i>)3. Ooi Hock Guan (<i>Independent and Non-Executive Director</i>) <p>The Remuneration Committee evaluates the remuneration packages of senior management executives and recommends for the Board's approval, the framework of executive remuneration of the Executive Director's remuneration package.</p> <p>The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.</p> <p>Executive Directors should play no part in the decision on their own remuneration. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of these Directors. Non-Executive Directors' fees are determined by the Board as a whole with the Director concerned abtaining from discussion of his own remuneration.</p>
Explanation for departure	:	

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.

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 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	:	The remuneration breakdown of individual Directors for the financial year ended 31 December 2021 is tabulated in the prescribed format on the following page.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	DATO' MILTON NORMAN NG KWEE LEONG	MANAGING DIRECTOR	-	-	48	30	-	9	87	-	-	566	60	-	76	702
2	STEVEN JUNIOR NG KWEE LENG	EXECUTIVE DIRECTOR	-	-	-	6	-	1	7	-	-	142	18	-	19	179
3	MALCOLM JEREMY NG KWEE LENG	EXECUTIVE DIRECTOR	-	-	8	6	-	2	16	-	-	142	12	-	20	174
4	MAT RIPEN BIN MAT ELAH	EXECUTIVE DIRECTOR	2	-	-	-	-	-	2	2	-	-	-	-	-	2
5	OOI HUN YONG	EXECUTIVE DIRECTOR	48	-	-	-	-	-	48	48	-	-	-	-	-	48

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	:	The Board is of the view that such disclosure would have a negative effect on the employee relationship and talent retention.	
<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	Applied	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	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	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	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>The Board of Directors has established an Audit Committee which is chaired by the Senior Independent Non-Executive Director, Tuan Mat Ripen Bin Mat Elah. Meanwhile, the Chairman of the Board is Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock.</p> <p>As such, the Chairman of the Audit Committee is distinct from the Chairman of the Board. Having the positions of Board Chairman and Chairman of the Audit Committee assumed by different individuals allows the Board to objectively review the Audit Committee's findings and recommendations.</p> <p>The possession of sound financial understanding and experience equips the Chairman of the Audit Committee with the ability to lead discussions and deliberations and ultimately be satisfied that the end result fairly reflects the understanding of the Audit and Compliance Committee.</p> <p>His full profile can be viewed on page 4 of the Company's Annual Report.</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	:	<ul style="list-style-type: none">• The Audit Committee comprises three (3) members, all of whom are Independent and Non-Executive Directors.• None of the Audit Committee members were former key audit partners of the Company's external auditors.• The Audit Committee has incorporated a policy stipulation that governs the appointment of a former key audit partner to the Audit Committee.• The Group will observe a cooling-off period of at least two (2) years before he can be considered for appointment as a Committee member.
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>The Audit Committee undertakes an annual assessment of the suitability and independence of the external auditors. It is the policy of the Audit Committee to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and the Company’s financial statements. At least one of these meetings is held without the presence of the Executive Directors and the Management. The Audit Committee also meets with external auditors additionally whenever it deems necessary.</p> <p>The Audit Committee was further assured by the external auditors, HLB Ler Lum Chew PLT, by way of written confirmation that its personnel were 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>Pursuant to the assessment on the suitability and independence of the external auditor, the Audit Committee made its recommendation to the Board on the re-appointment on the external auditor alongside the accompanying audit fees.</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	:	All members of audit committee are 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 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 :	<p>The Audit Committee comprises three (3) members as follows:</p> <ol style="list-style-type: none">1. Mat Ripen Bin Mat Elah (<i>Chairman of the Audit Committee and Senior Independent Non-Executive Director</i>)2. Tan Sri Dato' Dr. Sak Cheng Lum (<i>Independent Non-Executive Director</i>)3. Ooi Hock Guan (<i>Independent Non-Executive Director</i>) <p>Collectively, the Audit Committee possesses a wide range of necessary skills to discharge its duties. All members of the Audit Committee are financially literate, whilst one committee member is a Professional Member of the Institute of Internal Auditors Malaysia.</p> <p>The members of the Audit Committee have undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>The Audit Committee reviews and provides advice on whether the financial statements taken as whole provide a true and fair view of the Company's financial position and performance.</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 :	

Intended Outcome

There is an effective and independent Audit Committee.

Timeframe	:	
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Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The Board recognises the importance of a sound risk management framework and internal control systems for good corporate governance and acknowledges its primary responsibility to ensure that principal risks in the Group are identified, measured and managed with appropriate system of internal controls, and to ensure that the effectiveness, adequacy and integrity of the internal control system are reviewed on an ongoing basis.• The Board affirms its overall responsibility for the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls. However, it should be noted that such system, by its nature, manages but not eliminates risks and therefore can provide only reasonable and not absolute assurance against material misstatement, loss or fraud.
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 an organisational structure with clearly defined lines of authorities and job responsibilities to enhance accountability.</p> <p>An informal risk management is carried out throughout the year, for identifying, evaluating, managing and reporting the significant risks that may be faced by the Group.</p> <p>The Board has empowered the Managing Director, who formed various task forces/project committee comprising Executive Directors/General Manager and key senior management personnel to assist him, in reviewing and managing the significant risk faced by the various operating units to achieve their respective business objectives of the Group. The Managing Director will inform the Board of any pertinent matters which require decision-making at Board level.</p> <p>The Managing Director and his senior management team, through their day-to-day involvement in the operations of the Group, ensure the ongoing maintenance, monitoring, reviewing and reporting arrangements have been put in place to provide reasonable assurance that the structure of controls and operation is appropriate to 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 10.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 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	:	<ul style="list-style-type: none"> • The Board acknowledges their responsibilities for the internal control system of the Group, covering not only financial controls but also controls relating to operations, compliance and risk management. The Board, in fulfilling their responsibilities, had set-up Audit Committee and outsourced the internal audit function of the Group to independent consulting firm to assist the Board on these matters. • The Board is of the view that the current system of internal controls in place throughout the Group sufficient to safeguard the shareholders' investment, interest of customers, employees and stakeholders, and the Group's assets. • The Board is satisfied that the Group's adequacy of the existing system of risk management and internal control which operates satisfactorily to prevent any significant breakdown or weakness that give the rise to material losses incurred by the Group. • The system of internal controls will continue to be reviewed, enhanced or updated in line with changes in the operating environment. • The Board will seek regular assurance on the continuity and effectiveness of the internal control system through independent appraisals by the internal 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

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	:	<p>The Group internal audit function had been outsourced to a professional firm, IBDC (Malaysia) Sdn Bhd (“IBDC”), since the last quarter of 2003. It reports directly to the Audit Committee on a timely manner. IBDC assists the Audit Committee in obtaining sufficient assurance of regular review and appraisal of the effectiveness of the system of internal control within the Group.</p> <p>The remit of the Group’s internal audit function is set out to provide assurance to the Audit Committee that internal audit activities are performed with impartially, proficiency and due professional care.</p> <p>The Audit Committee reviews and subsequently approves the Annual Internal Audit Plan and ensures the Group’s internal audit is accorded with appropriate standing and authority to facilitate the discharge of its duties.</p> <p>The internal audit function is guided by the International Standards for the Professional Practice of internal Auditing set by the Institute of Internal Auditors.</p> <p>With the adoption of risk-based approach, the internal audit function is able to focus its work on principal risk areas and processes of the business operation units.</p> <p>The internal audit function undertakes systematic and timely review of the system of internal controls in order to provide reasonable assurance that operation such controls, including system of compliance with applicable laws, regulations and guidelines are adequate, efficient and effective.</p> <p>The audit personnel from IBDC is free from any relationships or conflicts of interest, which could impair the objectivity and independence.</p>

Intended Outcome

	<p>The details of the audit personnel from IBDC are as follows:-</p> <p>Name, Qualification & Accreditation Mr. Wong Een Joon (<i>Director-In-Charge</i>)</p> <ul style="list-style-type: none"> • Member of the Association of Chartered Certified Accountants (ACCA) • Member of the Malaysian Institute of Accountants (MIA) • Professional Member of the Institute of Internal Auditors Malaysia (CMIIA) • Certified Fraud Examiner (CFE) 	
<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

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 acknowledges the need to inform shareholders of all material business matters affecting the Company. The Company is committed to providing shareholders with timely and equal dissemination of material information in order to enhance the transparency and accountability.</p> <p>The Board recognises the importance of an effective communication channel between the Board, shareholders and general public, and at the same time, full compliance with the disclosure requirements as set out in the Listing Requirements.</p> <p>The annual reports, press releases, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.</p> <p>The Board aims to maintain a positive relationship with the different group of stakeholders through active two-way communication, and to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders' understanding of the Group, its core businesses and operations, thereby, enabling investors to make informed decisions in valuing the Company's shares.</p> <p>Hil Industries Berhad is also of the view that the Annual General Meeting ("AGM") is an important opportunity to meet shareholders and address their concerns. At the AGM, the Managing Director will provide a presentation of the Group's annual operating and financial performance, followed by a Questions and Answers session during which the Chairman encourages shareholders' active participation, including clarifying and questioning the Group's strategic direction, business operations, performance and proposed resolutions. Senior Management of the Group are also present to handle other face-to-face inquiries from the shareholders.</p> <p>Stakeholders can at any time seek clarification or raise queries through the corporate website – "Contact Us", by email or phone. Primary Contact details are set out at the group's website.</p>

Intended Outcome

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

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 12.2

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

Application	:	Not applicable – the Company is not a large company as defined by the MCCG	
Explanation on application of the practice	:		
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 13.1

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>The Board recognises the AGM as an invaluable platform for shareholders to engage both the Board and Senior Management in a productive dialogue and provide constructive feedback that contributes to the overall performance of the Group. The Board therefore endeavours to provide shareholders with adequate time to consider the resolutions that will be discussed and decided upon during the AGM and to facilitate informed decision-making by the shareholders.</p> <p>In this regard, the notice for the upcoming AGM in 2022 was provided to shareholders on 29 April 2022, at least 28 days before the meeting, which will be held on 28 June 2022. This goes above and beyond Section 316(2) of Companies Act 2016 and paragraph 7.15 of Main Market Listing Requirements by Bursa Malaysia Securities Berhad which call for a 21-days' notice period for public companies or listed issuers respectively.</p> <p>The notice for AGM outlines the resolutions to be tabled during the said meeting and is accompanied with explanatory notes and background information where applicable, to shed clarity on the matters that will be decided at the AGM.</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 13.2

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	:	<p>The Board acknowledges its responsibility to engage shareholders and provide meaningful responses to their questions. In demonstrating this commitment to shareholders, all Directors have attended the previous year's AGMs. This is aided by ensuring any general meeting is scheduled in advance to ensure full attendance of the Board.</p> <p>The Chairman of the Board encourages shareholders' active participation during AGMs and other general meetings by giving sufficient time to the floor during the Questions and Answers session.</p> <p>The Chairmen of the Board Committees of the Company are as follows:</p> <table border="1"> <thead> <tr> <th>Board Committees</th> <th>Chairman</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>Mat Ripen Bin Mat Elah</td> </tr> <tr> <td>Nominating Committee</td> <td>Mat Ripen Bin Mat Elah</td> </tr> <tr> <td>Remuneration Committee</td> <td>Mat Ripen Bin Mat Elah</td> </tr> </tbody> </table> <p>The Chairman of the above Committees was present to facilitate discussions and address any questions shareholders may have on matters that fall under the purview of the Committees.</p> <p>It has been the practice for all Company Directors to be present at general meetings. The Chairman and all other Board members, senior management personnel and external auditors are available to respond to shareholders' questions during the meeting</p>	Board Committees	Chairman	Audit Committee	Mat Ripen Bin Mat Elah	Nominating Committee	Mat Ripen Bin Mat Elah	Remuneration Committee	Mat Ripen Bin Mat Elah
Board Committees	Chairman									
Audit Committee	Mat Ripen Bin Mat Elah									
Nominating Committee	Mat Ripen Bin Mat Elah									
Remuneration Committee	Mat Ripen Bin Mat Elah									
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

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	:	<p>The 51st AGM in 2021 was conducted fully virtual through the meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at https://tiih.online. This was due to the full lockdown nationwide during the period concerned and also to adhere to the revised Guidance Note issued by the Securities Commission on the Conduct of General Meetings for Listed Issuers. Shareholders were able to raise questions at the 51st AGM in real time by transmitting question via the Query Box and voted remotely at the AGM via RPV.</p> <p>However, for the upcoming 52nd AGM on 28 June 2022, a physical meeting will be held at Bukit Kemuning Golf & Country Resort, Lot 6031, Batu 7, Bukit Kemuning, 42450 Shah Alam as the Company does not have a large number of shareholders or does not hold meetings in remote locations.</p> <p>A shareholder of the Company can vote in person or appoint a proxy to attend and vote on his/her behalf in the forthcoming AGM. The Company utilises an electronic voting system to expedite the voting and facilitate the tabulation process in a seamless manner to shorten turnaround time for the declaration of results.</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 13.4

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.

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.

Application	:	Applied
Explanation on application of the practice	:	Sufficient time will be allocated in engaging shareholders.
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 13.5

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.

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's 51st AGM in 2021 was conducted fully virtual through the online meeting platform at https://tjih.online, provided by Tricor Investors and Issuing House Services Sdn. Bhd.</p> <p>Shareholders and/or proxies were given ample time and opportunity to submit questions before the AGM as well as to pose questions to the Board during the AGM.</p> <p>Replies to the questions submitted before the AGM were shared to the meeting on the screen while questions posed during the meeting, where appropriate, were addressed by the Chairman and the Managing Director.</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 of the general meeting will be uploaded on its website within 30 days after the general meeting.
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
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

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

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