

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 1694  
**COMPANY NAME** : MENANG CORPORATION (M) BERHAD  
**FINANCIAL YEAR** : June 30, 2020

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board's roles are essentially in providing leadership, management oversight, setting strategic direction premised on sustainability and promoting ethical conduct in business dealings. The Board has adopted certain responsibilities for effective discharge of its functions through formalising its Board Charter.</p> <p>The Board Charter sets out the principles for the operation of the Board and the Group that describe the functions of the Board and those functions delegated to Management of the Company. The Board reviews its Board Charter regularly and updates the Board Charter to ensure it complies with legislations and best practices in the operations of the Company. The Board Charter was last reviewed on 24 February 2020 in line with the practices in the Malaysian Code on Corporate Governance ("MCCG") and is available on the Company's website at <a href="http://www.menangcorporation.com">www.menangcorporation.com</a>.</p> <p>The Board has delegated specific responsibilities to various Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee whose functions are within their respective Terms of Reference approved by the Board. The said Terms of Reference are periodically reviewed by the Board. These Committees assist the Board in making informed decisions through in-depth discussions on issues in discharge of the respective committees' Terms of Reference and responsibilities.</p> <p>The respective Terms of Reference are available on the Company's website at <a href="http://www.menangcorporation.com">www.menangcorporation.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company had on 1 December 2019, re-designated Y.A.M. Raja Shahrudin Rashid from Deputy Group Managing Director to Group Executive Chairman of the Board.</p> <p>Y.A.M. Raja Shahrudin Rashid was appointed based on his entrepreneurial leadership and his extensive experience in the Group's operations. The Chairman is able to provide effective leadership to the Board and guide the vision, strategic direction and business development of the Group with the guidance of the Independent Directors.</p> <p>Details of the responsibilities of the Chairman are set out in the Board Charter of the Company.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The roles of Group Chairman and Group CEO are exercised by two (2) different individuals. A clear segregation of their responsibilities and powers is stated and defined in the Board Charter.</p> <p>The Group Chairman, Y.A.M. Raja Shahrudin Rashid is responsible for the overall leadership and efficient functioning of the Board. Whilst, the the Group CEO, Mr. Teoh Choo Huang is the conduit between the Board and the Management in ensuring the success of the governance and management functions of the Company.</p> <p>The respective roles and responsibilities of the Group Chairman and Group CEO are clearly articulated in the Board Charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretaries are qualified Chartered Secretary (ICSA) and Fellow Members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, the Board's policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries are suitably qualified, competent and capable of carrying out the duties required and have attended training and seminars conducted by relevant regulatory bodies to keep abreast with the relevant updates on statutory and regulatory requirements and updates on the Main Market Listing Requirements ("MMLR") of Bursa Securities.</p> <p>The Company Secretaries advise the Board on corporate disclosures and compliance with the relevant changes to the laws, rules and regulations, which include amendments on Companies Act, 2016, Malaysian Code on Corporate Governance and MMLR.</p> <p>The Company Secretaries also serve notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares, in accordance with Chapter 14 of the MMLR of Bursa Securities. Deliberations during the Board and Board Committees' meetings were properly minuted and documented by the Company Secretaries.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Notice of Board Meetings were sent to the Directors at least seven (7) days prior to the meeting. The meeting papers detailing the matters to be transacted at the meeting, had been circulated to all Directors within three (3) days prior to every Board Meeting for Directors' review and to enable them to obtain further information and explanation, where necessary.</p> <p>The Minutes of meetings of the Board and the Board Committees are prepared within a reasonable period. The draft Minutes are circulated together with the Board papers to the Board members and Board Committee members at the meetings.</p> <p>The Minutes of meetings records the decisions, including key deliberations, rationale for each decision made and any concerns or dissenting issues. In addition to the provision, the Directors, either as a group or individually, upon obtaining prior Board's approval may seek independent advice, where necessary, at the Company's expenses on any matters in relation to the discharge of their duties.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In performing its duties, the Board is guided by the Board Charter that sets out amongst others its roles, composition, responsibilities, powers and the Board and the Board Committees meeting procedures. The key elements of governance principles embedded in the Board Charter regulate the Board's conducts and guide the business strategic initiative of the Group.</p> <p>The Board would regularly review the Board Charter and the Terms of Reference of the Board Committees to ensure they remain consistent with the Board's objective and responsibilities, and relevant standards of corporate governance.</p> <p>The Board Charter is available on the Company's website at <a href="http://www.menangcorporation.com">www.menangcorporation.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board noted the importance of the Code of Conduct and Ethics of the Company that emphasise the Company's commitment to ethical practices and compliance with the applicable laws and regulations that governs the standards of ethics and good conduct.</p> <p>The Board had adopted a Code of Conduct and Ethics to formalise the standards of responsibility, obligations, integrity and ethical conduct amongst the Board members in fulfilling their fiduciary obligations to the Group and the Company.</p> <p>The Board will review the Code of Conduct and Ethics from time to time to ensure alignment with the best practices.</p> <p>The Code of Conduct and Ethics is available on the Company's website at <a href="http://www.menangcorporation.com">www.menangcorporation.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board had established a Whistleblowing Policy to enhance corporate governance practices across the Group and to provide Directors, Employees, Shareholders or any parties with a business relationship of the Group with an avenue to report suspected wrongdoings that may adversely impact the Group.</p> <p>The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the person filing the report, as far as possible, be protected from reprisal, harassment or subsequent discrimination.</p> <p>The Whistleblowing Policy is regularly reviewed by the Audit and Risk Management Committee as and when required to ensure that it remains relevant and appropriate.</p> <p>The Whistleblowing Policy is available on the Company's website at <a href="http://www.menangcorporation.com">www.menangcorporation.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board currently consists of six (6) members, comprising three (3) Executive Directors, one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Director.</p> <p>The Board is in compliance with Paragraph 15.02(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad.</p> <p>Although, the current Board composition does not comprise at least half of Independent Directors, the two (2) Independent Directors, who are also the Chairman of the Audit and Risk Management Committee and the Nomination Committee, are able to provide adequate check and balance and to provide independent views and advice to all Board deliberations. This represents satisfactory alternative to the requirement of the recommended best practice of having at least half of the Board members to be Independent Directors, with appropriate representations of minority interest through the Independent Non-Executive Directors.</p> <p>The Chairman of the Board encourages free expression of opinions and healthy debates by all Directors, allowing sufficient time for discussion of issues and ensuring that all Directors are able to fully and actively contribute to the deliberations and the Board’s decisions fairly reflect Board consensus. Notwithstanding the above, the Board operates in a manner that ensures the Directors exercise independent judgement and the interests of shareholders are always at the forefront when important decisions are made by the Board.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will review the current Board composition and at an appropriate time consider appointing an additional independent director to comply with this Practice 4.1 of MCCG.
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Mr. Chiam Tau Meng ("Mr. Chiam") has served on Board for more than 12 years as Independent Director. Since 2016, the Company has sought annual shareholders' approval at the Annual General Meeting (AGM) for him to continue to serve as Independent Director on the Board. The latest shareholders' approval was obtained at the last AGM held on 28 November 2019.</p> <p>Given that the two-tier voting has yet to be adopted by the Company, the Board recommends that a single tier shareholders' approval be sought at the upcoming AGM for him to continue to act as Independent Director. Notwithstanding his extended tenure, the Board has determined that Mr. Chiam is able to carry out his duties in a fair, impartial and conscientious manner. The Board is of the opinion that he can continue to bring independent and objective judgement to Board deliberations and the decision making process as a whole. He also possesses vast professional experience, displays dedicated commitment and brings the right mix of skills valued by the Board.</p> <p>The Board is recommending and will be seeking annual shareholders' approval in the forthcoming 56th AGM to extend the tenureship of Mr. Chiam as an Independent Non-Executive Director.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Notwithstanding new developments that may occur regarding the two-tier voting, the Company will take steps to review and assess the unique feature prescribed by MCGG as the prescription is a variation to usual notion of shareholders' voting rights and passing of resolutions.
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

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

**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee (“NC”) will recommend to the Board on suitable candidates for appointment as Board members, member of Board Committees and Executive Directors of the Company based on the following evaluation criteria:</p> <ul style="list-style-type: none"> <li>• Age and gender;</li> <li>• Qualification, skills, industry knowledge, expertise and experience;</li> <li>• time commitment to effectively discharge his role as a director;</li> <li>• contribution and performance;</li> <li>• character, integrity and competence;</li> <li>• boardroom diversity including gender diversity; and</li> <li>• in the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidates’ ability to discharge such responsibilities/functions as are expected from independent non-executive directors.</li> </ul> <p>This helps to ensure an appropriate balance between the experience perspectives of the long-term directors and new perspectives that bring fresh insights to the Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Board is of the view that diversity on the Board enhances the decision-making capability of the Company and it improves the Board discussion process by allowing different perspectives to be included in decision making. The current policy adopted by the Board is to avoid any gender bias and treat both genders with fair and equal consideration.</p> <p>Currently, the Board has one (1) woman director, Ms. Marianna Binti Aly Shun, who was appointed to the Board as Group Executive Director on 29 November 2016. The Board is open to consider suitable women candidates who could meet the objective criteria, merit and with due regard for diversity in skills, experience, age to join the Board.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 4.6

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Appointment of a new Director is undertaken by the Board as a whole after considering the recommendation of the Nomination Committee ("NC").</p> <p>Potential candidates may be proposed by any current Board member, shareholder or by utilising independent sources such as recruitment firms or through industry associations. In considering potential candidates for appointment, the NC undertakes a thorough review of the candidate's criteria, amongst others, qualifications, skills, knowledge, expertise, experience, personal attributes and the capability to devote the necessary time and commitment to the role.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee comprises exclusively Non-Executive Directors. The current Chairman for the Nomination Committee is Mr. Leou Thiam Lai, who is an Independent Non-Executive Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee annually performs an assessment of the effectiveness and performance of the Board, the Board Committees and individual Directors, in order to verify that the Board is functioning effectively as a whole. Each Director completed a detailed questionnaire in the Directors' Performance Evaluation which covered matters relevant to the Board performance, which include contribution to interaction, quality of input, understanding of role and personal developments.</p> <p>An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as the Committee's performance against its Terms of Reference. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

### Practice 6.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>On a yearly basis, the Remuneration Committee reviews and recommends to the Board the remuneration package of the Directors. In making its recommendation, the Remuneration Committee considers various factors including the fiduciary duties, time commitments expected of them and the Group's performance. The Board is mindful that fair remuneration is critical to attract, retain and motivate the Directors.</p> <p>The payment of Directors' fees and benefits payable to the Directors of the Company are subject to the shareholders' approval at the Company's Annual General Meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee consists of three (3) members, comprising wholly of Non-Executive Directors, namely, Dr. Christopher Shun Kong Leng (the Chairman of Remuneration Committee), Mr. Chiam Tau Meng and Mr. Leou Thiam Lai.</p> <p>The Remuneration Committee is responsible for evaluating, deliberating and recommending to the Board the compensation and benefits that are fairly guided by market norms and industry practices for the business the Company is in.</p> <p>The Remuneration Committee is also responsible for evaluating the Executive Directors' remuneration which is linked to the performance of the Executive Directors and performance of the Group. Individual Director do not participate in the decisions regarding his/her individual remuneration.</p> <p>The Terms of Reference of the Remuneration Committee is available on the Company's website at <a href="http://www.menangcorporation.com">www.menangcorporation.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 7.1

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

<b>Application</b> :	Applied					
<b>Explanation on application of the practice</b> :	Detailed of the Directors' remuneration (both the Company and the Group) who served during the financial year ended 30 June 2020 are as follows:-					
	<u>The Group</u>					
	<b>Remuneration</b>					
<b>Category</b>	<b>Fees (RM)</b>	<b>Salary (RM)</b>	<b>Bonus (RM)</b>	<b>Benefits-in-kind (RM)</b>	<b>Emoluments (RM)</b>	<b>Total (RM)</b>
<b>EXECUTIVE DIRECTORS</b>						
Y.A.M. Raja Shahrudin Rashid	2,083.33	249,500.00	-	108,179.18	214,828.90	572,313.08
Mr. Too Kok Leng	2,083.33	255,500.00	-	36,289.46	240,391.50	534,069.29
Ms. Marianna Binti Aly Shun	2,083.33	200,500.00	-	54,621.69	141,766.90	396,888.59
<b>NON-EXECUTIVE DIRECTORS</b>						
Dr. Christopher Shun Kong Leng, CFP <sup>®</sup> , RFP <sup>™</sup>	2,083.33	-	-	-	102,045.25	104,128.58
Mr. Chiam Tau Meng	2,083.33	-	-	-	102,247.00	104,330.33
Mr. Leou Thiam Lai	2,083.33	-	-	-	101,947.00	104,030.33
<b>Total</b>	<b>12,500.00</b>	<b>705,500.00</b>	<b>-</b>	<b>199,090.33</b>	<b>903,226.55</b>	<b>1,815,760.21</b>
	<u>The Company</u>					
	<b>Remuneration</b>					
<b>Category</b>	<b>Fees (RM)</b>	<b>Salary (RM)</b>	<b>Bonus (RM)</b>	<b>Benefits-in-kind (RM)</b>	<b>Emoluments (RM)</b>	<b>Total (RM)</b>
<b>EXECUTIVE DIRECTORS</b>						
Y.A.M. Raja Shahrudin Rashid	2,083.33	15,500.00	-	-	33,517.50	50,905.83
Mr. Too Kok Leng	2,083.33	15,500.00	-	-	32,838.70	50,227.03

	Ms. Marianna Binti Aly Shun	2,083.33	15,500.00	-	-	22,017.50	39,600.83
	<b>NON-EXECUTIVE DIRECTORS</b>						
	Dr. Christopher Shun Kong Leng, CFP <sup>®</sup> , RFP <sup>™</sup>	2,083.33	-	-	-	102,045.25	104,128.58
	Mr. Chiam Tau Meng	2,083.33	-	-	-	102,247.00	104,330.33
	Mr. Leou Thiam Lai	2,083.33	-	-	-	101,947.00	104,030.33
	<b>Total</b>	12,500.00	46,500.00	-	-	394,612.95	453,222.95
<b>Explanation</b> :							
<b>for departure</b>							
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>							
<b>Measure</b> :							
<b>Timeframe</b> :							

### Intended Outcome

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

### Practice 7.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board wishes to give assurance that the remuneration of the Management commensurate with their individual performances, taking into consideration of the Group's performance.</p> <p>However, the Board is of the opinion that the disclosure of the Senior Management's remuneration components (salary, bonus, benefits in-kind, other emoluments) is not advisable due to confidentiality and a competitive labour market.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Remuneration Committee will review the pros and cons of disclosure of the top five (5) management members on a named basis.
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The roles of Chairman of the Audit and Risk Management Committee and Chairman of the Board are exercised by two (2) different individuals.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company has always recognised the need to uphold independence. None of the members of the Board or Board Committees were former key audit partners.</p> <p>During the financial year, none of the members of the Audit and Risk Management Committee was a former key audit partner of the Company.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, through its Audit and Risk Management Committee ("ARMC") maintains a formal and transparent relationship with its External Auditors. The Board had delegated the responsibility to the ARMC for making recommendations on the appointment, re-appointment or removal of the External Auditors as well as on their remunerations. The ARMC work closely with the External Auditors and the Internal Auditors to enhance the effectiveness of the overall audit process. The ARMC assesses the performance and effectiveness of the External Auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence.</p> <p>The External Auditors also confirmed to the ARMC that they had been independent throughout the audit engagement in respect of the financial under review.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Not Adopted	
<b>Explanation on adoption of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Audit and Risk Management Committee ("ARMC") is encouraged to participate in relevant training programmes for continuous professional development and to further enhance their skills and knowledge. The Directors are aware that they shall receive appropriate training which may be required from time to time to keep them abreast with the current developments in the industry as well as new statutory and regulatory developments including changes in accounting standards.  All the ARMC members are financial literate and two (2) out of three (3) of the ARMC are MIA members.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>On 26 February 2020, the Board has combined the Audit Committee and Risk Management Committee ("ARMC") into one committee which will assist the Board on the ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process is regularly reviewed by the Board and is in accordance with the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies.</p> <p>The ARMC with the assistance of the Risk and Sustainability Management Working Committee, reviews the adequacy and effectiveness of the Group's risk management and internal control system which has been embedded in all aspect of the Group's activities on continuous basis and reviews the significant risks identified regularly to ensure sufficient measures are taken to mitigate the risk.</p> <p>In relation to internal control framework, the internal audit function which is outsourced to a professional service firm, namely CGRM Infocomm Sdn Bhd and reports directly to the ARMC, provide the ARMC and Board with the assurance they require pertaining to the adequacy and effectiveness of internal control system.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its overall responsibility to maintain effective governance, risk management and compliance framework. Supported by the Management and internal audit function, the Board ensures the adequacy and effectiveness of the Group’s risk management and internal control practices. The Board is responsible to ensure that the Group complies with all applicable provisions of law and regulations and ensures that appropriate risk management systems are in place throughout the Group.</p> <p>The Audit and Risk Management Committee assists the Board to oversee and review the effectiveness of the Group’s risk management and internal control systems.</p> <p>Group’s system of internal controls is regularly reviewed for its effectiveness in managing key risks. The internal audit function focuses on areas of priority as determined by the risk assessment of the auditable areas. Where significant weaknesses have been identified, improvement measures are recommended to strengthen controls.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

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

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

### **Practice 9.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Board had on 26 February 2020 combined the Audit Committee and Risk Management Committee into one committee known as Audit and Risk Management Committee ("ARMC"). The ARMC consists of three (3) members, comprises a majority of independent directors, namely, Mr. Chiam Tau Meng (the Chairman), Mr. Leou Thiam Lai and Dr. Christopher Shun Kong Leng, CFP®, RFP™

### Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit Function of the Company is carried out by an outsourced Internal Auditors, namely, CGRM Infocomm Sdn. Bhd. to provide an independent assurance to the Board on the effectiveness and adequacy of the Group's system of internal control. Details of the internal audit function are set out in the Statement of Risk Management and Internal Control and Audit Committee Report of the Annual report.</p> <p>The report of the internal audit will be tabled at the Audit and Risk Management Committee ("ARMC") Meeting and reviewed by the ARMC. The audit finding of the internal audit will then be reported to the Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company outsourced its internal audit function to an independent internal audit service provider, namely CGRM Infocomm Sdn. Bhd. to ensure the internal audit function is independent from the operations and influence of the Management which could impair their objective and independent.</p> <p>The Internal Auditors are free from any relationships or conflicts of interest, which could impair their objective and independence.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company strives to promote a better understanding of the Group through investor relation activities. Apart from general meetings, the Company has in place the following initiatives to facilitate effective communication with its shareholders:</p> <ul style="list-style-type: none"><li>(a) the Annual Report, which contains information such as Management Discussion and Analysis, Financial Statements, and Audit and Risk Management Committee Report, Statement of Corporate Governance, Sustainability, and Risk Management and Internal Control;</li><li>(b) various announcements made to Bursa Securities, which include timely release of financial results on a quarterly basis and public announcements. Concurrent with these releases, the Company linked all announcements on its website;</li><li>(c) the Company's website, where stakeholders may at any time direct questions or request publicly available information via communication channels provided in the website; and</li><li>(d) during the general meeting, shareholders are encouraged to participate and before any proposed resolution is put to a vote, the Chairman of the meeting will open the floor to questions so that all shareholders' queries could be adequately addressed.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 11.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Not applicable as the Company is not a Large Company as defined in the Malaysian Code on Corporate Governance.	
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Notice of Annual General Meeting (“AGM”) was sent to the shareholders at least 28 days prior to the date of the meeting.</p> <p>The additional time given to shareholders allows them to consider the resolutions that will be discussed and decided at the AGM and to make the necessary arrangements to attend and participate in person.</p> <p>The Notice of AGM which sets out the businesses to be transacted at the AGM, was published in a nationally circulated newspaper and Company’s website at <a href="http://www.menangcorporation.com">www.menangcorporation.com</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All the Directors attended the Annual General Meeting (“AGM”) held in year 2019 and questions raised by the shareholders were addressed by the Directors, respective Chairman of the Board Committees and Management.</p> <p>The Chairman of the Meeting encourages shareholders’ participation during the AGM and other general meetings by giving sufficient time to the floor during the questions and answer session.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 12.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board regards general meetings as an essential platform for the shareholders to meet and exchange views with the Board. In accordance with paragraph 8.29A(1) of the MMLR of Bursa Securities, all resolutions put to vote will be carried out by poll voting. The Board has always seen good shareholders' participation in previous general meetings and has given foremost consideration to the location of its general meetings to ensure it is easy to reach or easily accessible to shareholders.</p> <p>However, the Board has yet to facilitate remote shareholders' participation or voting in absentia using technological means as the Company would like to allow for an advocacy period in assessing the benefits and costs of this undertaking. In addition, the Company considers the number of registered shareholders physically attending the general meetings of the Company to be small and manageable.</p> <p>Currently, shareholders whom are unable to attend and vote at the Annual General Meeting of the Company are encourage to submit the proxy form of the Company to Share Registrar. Hence, this allows them to vote in absence.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will continue to monitor its shareholding structure and the corresponding attendance level during general meetings. The Board endeavours to promote measures that can encourage shareholder attendance and participation during the general meetings, which may include leveraging on technological means, if necessary.
<b>Timeframe</b>	:	

**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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