

CORPORATE GOVERNANCE REPORT

STOCK CODE : 2097
COMPANY NAME : Eastland Equity Bhd
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board continues to ensure its effectiveness and to provide strong leadership to the Group and Management and recognises the importance of reviewing and adopting a strategic plan and overseeing the conduct of the business in order to ensure that the business is being properly managed. When implementing the business plan, the Executive Directors are responsible for executing corporate decisions made by the Board while the Non-Executive Directors scrutinizes the management performance by providing independent views and advice in the interests of the shareholders at large.</p> <p>The Board has established clear roles and responsibilities for its fiduciary and leadership functions of the Board, its Chairman, Chief Executive and Independent Directors in its Board Charter. Also, the Board has defined its schedule of matters covering the corporate exercise, shareholders' communication, governance, material contracts, overall business strategy and sustainability matters, performance review, remuneration, succession and appointment of chief executive, and board policies to be retained for Board decision.</p> <p>The Board maintains specific Board committees namely Executive Committee, Audit and Risk Management Committee ("ARMC"), Nominating Committee and Remuneration Committee. These Committees are established to ensure greater attention in the deliberation of specific Board agenda. The Board has defined the terms of reference for each Committee and the Chairman of the respective Board Committees shall report to the Board during the Board meetings on significant and salient matters deliberated in the Committees.</p> <p>The Board reviews the business and financial performance of the Group periodically. Every quarter the Board will review, monitor and deliberate the financial performance of the Group and management action in ensuring sufficient financial resources and cash flows to enable the Group to achieve it desirable target.</p>

	<p>The Board has defined its Code of Conduct and Ethics covering Board's values and principles in dealing with its customers, supplier, employees, community, environment and shareholders. This Code of Conduct and Ethics serve as a guide to stakeholders on the ethical behaviours to be expected from the Group as well as enable the Board to convey and instil its values into the organisation. Stakeholders who knows of or suspects a violation of the Code are encouraged to report the incidence to eastland@whistleblower.com.my. Alternatively, they could also direct their concerns to Datuk Yunus @ Mohd Yunus Bin Awang Hashim who is the named Senior Independent Director, by emailing to datukmohdyunus@eeb.com.my</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman is responsible for instilling good governance practices, leadership and effectiveness of the Board through chairing of board meetings, representing the Board to shareholders, and reviewing and approving together with the Board members on strategic objectives and policies of the Group.</p> <p>The Chairman sets the board agenda in consultation with the Company Secretaries and ensures that Board members receive complete and accurate information in a timely manner.</p> <p>When chairing the board meetings, the Chairman will lead and provide explanation to the Board on the board agenda and encourage participation from other Board members during the Board meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	Presently, the position of Board Chairman and CEO are held by different directors, namely Dato' Sri Abdul Hamidy Bin Abdul Hafiz and Mr. Lee Chee Kiang respectively. The primary role of the Board Chairman is to ensure the effective functioning of the Board while the key role of the CEO is to lead and manage the Group's operations and execute the decisions made by the Board.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>In order to uphold the board effectiveness, the Board ensures that it is supported by qualified and competent Company Secretaries.</p> <p>Presently, the Board is assisted by two (2) qualified and competent Company Secretaries who are members of Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretaries support the Board in carrying out its fiduciary duties and stewardship role and play an advisory role to the Board, particularly with regards to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices.</p> <p>All Directors have unrestricted access to the advice and services of the Company Secretaries. The appointment and removal of Company Secretaries or Secretaries of the Board Committees shall be the prerogative of the Board as a whole.</p> <p>The key responsibilities carried out by the Company Secretaries during the financial year ended 31 December 2017 are as follows:</p> <ul style="list-style-type: none">○ Co-ordinated with the Board on the meeting agenda and schedule;○ Managed all Board and Board committee meetings;○ Attended and recorded minutes of all Board and Board Committee meetings;○ Briefed and updated the Board on new Companies Act 2016, latest changes on Main Market Listing Requirements ("MMLR") and Malaysian Code on Corporate Governance and their applications; and○ Managed AGM meeting proceedings.
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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board understand that the supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management’s performance of the Group. The Board ensures that each Director is provided with timely notices and minutes of meeting. Board papers are circulated to the Board members prior to the Board meetings in order to provide the Board members with timely information and to enable them to deliberate issues more effectively during the Board meetings. During the board meeting, the Board will review and ensure that proper and adequate board agenda are covered for board deliberation. The management is invited to attend the Board and ARMC meetings to provide explanations to the Board on the operations of the Group.</p> <p>The Company Secretaries ensure that all Board and Board Committees’ meetings are properly convened. Upon conclusion of meeting, the Company Secretaries will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes are circulated to the Board members at least five (5) days before the next meetings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Departure	
Explanation on application of the practice	:	The Board has defined its Board Charter setting out the roles, duties and responsibilities of the Board, Chairman, CEO and the Independent Directors as well as the schedule of matter on key matters reserved for the Board's approval. The Board has also defined the terms of reference of its Board Committees, namely the Audit and Risk Management, Nominating and Remuneration Committees respectively. These Board Committees are responsible to carry out the functions and responsibilities in accordance to their respective terms of reference and to report back to the Board.	
Explanation for departure	:	Presently, the Board is in the process of reviewing its Charter, schedule of matter, Code of Conduct and Ethics, whistleblowing policy as well as the terms of reference of the Board Committees vis-à-vis the changes in the latest MCGG. Upon completion, these updated documents will be published in the Company Corporate website at www.eeb.com.my	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	31 December 2018	

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	:	Departure
Explanation on application of the practice	:	The Board has defined its Code of Conduct and Ethics covering Board's values and principles in dealing with its customers, supplier, employees, community, environment and shareholders. This Code of Conduct and Ethics serve as a guide to stakeholders on the ethical behaviours to be expected from the Group as well as enable the Board to convey and instil its values into the organisation. Stakeholders who knows of or suspects a violation of the code may report the incidence to eastland@whistleblower.com.my . Alternatively, they could also direct their concerns to Datuk Yunus @ Mohd Yunus Bin Awang Hashim who is the named Senior Independent Director, by emailing to datukmohdyunus@eeb.com.my
Explanation for departure	:	As stated in Practice 2.1, presently, the Board is in the process of reviewing its Charter, schedule of matter, Code of Conduct and Ethics, whistleblowing policy as well as the terms of reference of the Board Committees vis-à-vis the changes in the new MCGG. Upon completion, these updated documents will be published in the Company Corporate website at www.eeb.com.my . Thereafter, the updated Code of Conduct and Ethics will be communicated to management and staff members through the Admin Department.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	31 December 2018

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 Board has defined its whistleblowing policy for the Group and is in the process of reviewing this policy in consideration of the practices in the latest MCCG.</p> <p>Stakeholders who knows of or suspects a violation of the Code of Conduct and Ethics may report the incidence to eastland@whistleblower.com.my or direct their concerns to Datuk Yunus @ Mohd Yunus Bin Awang Hashim who is the Senior Independent Director, by emailing to datukmohdyunus@eeb.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

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	Presently, the Board has seven (7) members with majority of them being Independent Non-Executive Directors and all of them are suitably qualified and experienced professionals. The Board has conducted its annual appraisal and is satisfied with the current composition of the Board in providing a check and balance in the Board as well as diversity of perspectives and views in Board's decision-making process.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years																	
Explanation on application of the practice	:	<p>Presently, none of the current Independent Directors have served more than nine (9) years in the Board. Accordingly, no shareholders' approval is needed to be sought for maintaining the independent directorship of these directors in the AGM.</p> <p>The tenure of office of the respective Independent Directors are as follows.</p> <table border="1"> <thead> <tr> <th></th> <th>Date of Appointment</th> <th>Years of Service on Anniversary Date in 2018</th> </tr> </thead> <tbody> <tr> <td>Dato' Sri Abdul Hamidy Bin Abdul Hafiz</td> <td>15 June 2015</td> <td>3 Year</td> </tr> <tr> <td>Datuk Yunus @ Mohd Yunus Bin Awang Hashim</td> <td>15 June 2015</td> <td>3 Year</td> </tr> <tr> <td>Petrus Gimbad</td> <td>17 July 2013.</td> <td>5 Years</td> </tr> <tr> <td>Mohamed Akwal Bin Sultan Mohamad</td> <td>15 June 2015</td> <td>3 Years</td> </tr> </tbody> </table>				Date of Appointment	Years of Service on Anniversary Date in 2018	Dato' Sri Abdul Hamidy Bin Abdul Hafiz	15 June 2015	3 Year	Datuk Yunus @ Mohd Yunus Bin Awang Hashim	15 June 2015	3 Year	Petrus Gimbad	17 July 2013.	5 Years	Mohamed Akwal Bin Sultan Mohamad	15 June 2015	3 Years
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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 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	The Board does not have policy to limit the tenure of its Independent Directors to nine years. Nonetheless, if the Board intends to retain its Independent Director beyond nine years, the Board will justify and seek annual shareholders' approval for doing so or through a two-tier voting process if the Board continues to retain its Independent Director after the twelfth year.

Intended Outcome

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

Practice 4.4

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

Application :	Applied																																																																					
Explanation on application of the practice :	<p>The appointment of Board and senior management are based on objective criteria, merit and with due regards for diversity in skills, experience, age, cultural background and gender. The current diversity in the ethnicity, age distribution and skillsets of the existing Board and senior management are as follows:-</p> <table border="1" data-bbox="411 792 1406 1025"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Race/Ethnicity</th> <th colspan="2">Nationality</th> <th colspan="2">Gender</th> </tr> <tr> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>Others</th> <th>Malaysian</th> <th>Foreign</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>3</td> <td>2</td> <td>-</td> <td>2</td> <td>7</td> <td>-</td> <td>7</td> <td>-</td> </tr> <tr> <td>Number of Senior Management</td> <td>-</td> <td>3</td> <td>-</td> <td>-</td> <td>3</td> <td>-</td> <td>3</td> <td>-</td> </tr> </tbody> </table> <table border="1" data-bbox="411 1061 1406 1216"> <thead> <tr> <th>Age Group</th> <th>36-45 years</th> <th>46-55 years</th> <th>56-65 years</th> <th>66-75 years</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>1</td> <td>2</td> <td>3</td> <td>1</td> </tr> <tr> <td>Number of Senior Management</td> <td>2</td> <td>1</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <table border="1" data-bbox="411 1252 1406 1473"> <thead> <tr> <th>Skill</th> <th>Accounting & Finance Management</th> <th>Engineering</th> <th>Business Management</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>3</td> <td>1</td> <td>3</td> </tr> <tr> <td>Number of Senior Management</td> <td>1</td> <td>1</td> <td>1</td> </tr> </tbody> </table>									Race/Ethnicity				Nationality		Gender		Malay	Chinese	Indian	Others	Malaysian	Foreign	Male	Female	Number of Directors	3	2	-	2	7	-	7	-	Number of Senior Management	-	3	-	-	3	-	3	-	Age Group	36-45 years	46-55 years	56-65 years	66-75 years	Number of Directors	1	2	3	1	Number of Senior Management	2	1	-	-	Skill	Accounting & Finance Management	Engineering	Business Management	Number of Directors	3	1	3	Number of Senior Management	1	1	1
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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 4.5

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	While the Board does not have female director and gender diversity policy presently, the Board deliberated this agenda periodically and is committed to have female director on board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	31 December 2019	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>Through the Nominating Committee, the Board will consider recommendations from existing board members, management, major shareholders and third-party sources to identify suitably qualified candidates, when necessary. New board candidates proposed to fill vacancy arises from resignation, retirement or any other reasons will be reviewed by Nominating Committee before recommending to the Board for further deliberation.</p> <p>In its selection of board members, the Board provides equal opportunity to all candidates who meet the criteria and qualities vis-a-vis the Group's present business portfolios and prospective investments. Candidates for directorship are nominated based on their skills, knowledge, professionalism, character and experience in line with the needs of the Group. The detail profiles of nominated directors will be presented to the Board by the Nominating Committee to assist the Board in making their selection decision.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	The Nominating Committee is chaired by Datuk Yunus @ Mohd Yunus Bin Awang Hashim, a Senior Independent Non-Executive Director.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The performance evaluation of the Board is conducted by way of self-assessment. Directors are required to fill out the self-assessment forms and provide their feedback, views and suggestions for improvement. The results of these self-assessment forms are compiled and tabled to the Nominating Committee for review and deliberation. Amongst others, the criteria used for the Board, Board Committees and Director performance appraisals are:</p> <ul style="list-style-type: none"> i. Effectiveness of the composition, structure and proceedings; ii. Abilities covering qualification, knowledge, experience, skill sets and technical abilities; iii. Participation, contribution and performance; and iv. Personality and caliber. <p>Except for board diversity for female director, the Board is satisfied with the overall performance effectiveness of the Board, Board Committees and individual directors and the independence of Independent Directors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Departure	
Explanation on application of the practice	:	Broadly, the remuneration policy of the Board is based on the individual's and Group's performance, market conditions and trends, industry practice and responsibilities for the Executive Directors whilst the remuneration of the Non-Executive Directors are determined in accordance with their experience and the level of responsibilities assumed in the Board Committees, their attendance and/or special skills and expertise they bring to the Board.	
Explanation for departure	:	As mentioned in Practice 2.1, as part of the review of Board Charter, the Board will also review its remuneration policy in the Charter concurrently.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	31 December 2018	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established its Remuneration Committee. The members of the Remuneration Committee are as follows and comprise wholly Non-Executive Independent Directors:</p> <p><u>Chairman:</u> Dato' Sri Abdul Hamidy Bin Abdul Hafiz</p> <p><u>Members:</u> Datuk Yunus @ Mohd Yunus Bin Awang Hashim Petrus Gimbad</p> <p>The terms of reference of the Remuneration Committee and the broad policy on remuneration which is stated in the Board Charter are disclosed in the Company's website.</p> <p>The remuneration of the Executive Directors is reviewed and recommended by the Remuneration Committee to the Board for approval. All Directors shall abstain from discussions and decisions on their own remuneration.</p> <p>The Remuneration Committee conducted a meeting on 21 February 2017 to review the remuneration and fee payable to the Board members. It was concluded during this meeting that the remuneration package of the Executive Directors shall remain considering the financial condition and performance of the Group presently while the fees payable to Audit Committee Chairman to be adjusted in view of higher level of expectation on the responsibility and accountability of this position.</p> <p>Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.</p>

	<p>The amount of Directors' fee for the new financial year (from 1 January 2018 until the next annual general meeting of the Company) proposed for the shareholders' approval at the forthcoming AGM is RM650,000.</p> <p>The details of the Board members' remunerations are presented in the next practice.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

Practice 7.1

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

Application :	Applied					
Explanation on application of the practice :	All remuneration received by Directors are paid from the Company. None of the Board members received remuneration from subsidiaries of the Company.					
	Group and the Company	Directors' Fee (RM)	Meeting Allowances (RM)	Salaries (RM)	Other Emoluments (RM)	Benefits-in-Kind (RM)
	Dato' Sri Abdul Hamidy Bin Abdul Hafiz	120,000	4,500			17,400
	Datuk Yunus @ Mohd Yunus Bin Awang Hashim	96,000	8,000			7,000
	Datuk Melvinyeo Kiandee			216,000	26,749	
	Mau Kam Wai			216,000	26,749	8,800
	Tan Chin Hong			216,000	26,749	8,800
	Petrus Gimbad	80,000	8,000			
	Mohamed Akwal Bin Sultan Mohamad	60,000	6,000			
	Total	356,000	26,500	648,000	80,247	42,000
Explanation for departure :						
	<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>					
Measure :						
Timeframe :						

Intended Outcome

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

Practice 7.2

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

Application	:	Applied									
Explanation on application of the practice	:	<table border="1"> <thead> <tr> <th>Range of Remuneration (RM)</th> <th>Senior Management</th> </tr> </thead> <tbody> <tr> <td>Not applicable (*)</td> <td>Lee Chee Kiang <i>(Chief Executive Officer)</i></td> </tr> <tr> <td>RM200,001 – RM250,000</td> <td>San Tuck Hoe <i>(Financial Controller)</i></td> </tr> <tr> <td>RM150,000 – RM200,000</td> <td>Eric Wee-Ei Mas <i>(Project Manager)</i></td> </tr> </tbody> </table> <p>(*) appointed on 23 January 2018</p>		Range of Remuneration (RM)	Senior Management	Not applicable (*)	Lee Chee Kiang <i>(Chief Executive Officer)</i>	RM200,001 – RM250,000	San Tuck Hoe <i>(Financial Controller)</i>	RM150,000 – RM200,000	Eric Wee-Ei Mas <i>(Project Manager)</i>
Range of Remuneration (RM)	Senior Management										
Not applicable (*)	Lee Chee Kiang <i>(Chief Executive Officer)</i>										
RM200,001 – RM250,000	San Tuck Hoe <i>(Financial Controller)</i>										
RM150,000 – RM200,000	Eric Wee-Ei Mas <i>(Project Manager)</i>										
Explanation for departure	:										
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>											
Measure	:										
Timeframe	:										

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The members of Audit Committee comprising three fully Independent Non-Executive Directors and the Chairman of the Audit Committee is Petrus Gimbad who is not the Chairman of the board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>When considering the appointment of former key audit partner from its current External Auditor's firm, the Audit Committee is mindful of the minimum two (2) years cooling off period best practice under the MCGG before appointing this partner as a member of the Audit Committee.</p> <p>In any case, none of the present members of the Audit Committee were former audit partner of the Company's auditors.</p> <p>By adopting Practice 8.1 and 8.2, the Audit Committee is able to uphold its independence and to provide the comfort that the company's financial statement is a reliable source of information.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The present External Auditors was engaged since financial year 2008.</p> <p>Annually, the Audit Committee will review the appointment, performance and remuneration of the External Auditors before recommending them to the Board for approval for seeking shareholders' approval at the forthcoming AGM for re-appointment.</p> <p>The Audit Committee has defined its policy on evaluation of External Auditors. In assessing the External Auditors, the Audit Committee will consider the adequacy of resources of the firm, quality of service and competency of the staff assigned to the audit as well as the auditors' independence and fee.</p> <p>The Audit Committee will convene meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group as and when necessary. As part of the Audit Committee review processes, the Audit Committee will also obtain assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>During the presentation of the External Auditors' report, the External Auditors affirmed their independence to the ARMC. The Audit Committee had also undertaken the above procedures in assessing the External Auditors and was satisfied with the independence and performance of the External Auditors. Accordingly, the Audit Committee had recommended the appointment of Messrs. Baker Tilly Monteiro Heng to the Board for approval for seeking shareholders' approval at the forthcoming AGM as the External Auditors of the Company for financial year 2018.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Board has established an effective and independent Audit Committee. As reported in Practice 8.1, the members of Audit Committee continue to comprise fully Independent Non-Executive Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Collectively, the Audit Committee possess a wide range of necessary skills to discharge its duties and all members of the Audit Committee are financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.</p> <p>The Board had reviewed and assessed the performance of the Audit Committee through the annual board committee assessment facilitated by Nomination Committee. Based on this assessment, the Board is satisfied with the performance of the Audit Committee and the level of knowledge and skills of the Audit Committee members needed to discharge their duties and to understand the matters under the Committee's purview on financial reporting.</p> <p>In order to strengthen the present financial literacy of each member, all members of the Audit Committee will balance their participation in continuous professional development programmes on accounting and auditing standards, practices and rules in the future.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Presently, the Audit and Risk Management Committee is entrusted by the Board to overseeing the risk management framework in the Group. Nonetheless, the Board as a whole remains responsible for the overall risk management in the Group while the Executive Committee comprising all Executive Directors together with the senior management team are primary responsible for managing risks in the Group.</p> <p>During the financial year, the Board has reassessed and reviewed the Group's risk appetite and the impact parameter of the Group. The primary risks faced by the Group presently are slowdown in property market and business activities in the principal market place where the Group operates as well as keen competition from other mall and hotel located within close proximity to the mall and hotel of the Group in Kota Bahru.</p> <p>The risk management processes of identification, assessment and documentation are carried out with reference to the principles of Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Enterprise Risk Management framework as well as ISO31000 which are the internationally recognised risk management framework.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has put in place a Risk Management Policy which covers the risk management responsibilities of the Board and management. Other features of the Group’s risk management and internal control framework covering the risk appetite, risk assessment and the review process by the Board and Audit Committee and the key internal controls are presented in the Statement on Risk Management and Internal Control of the Annual Report.</p> <p>The Board has also commented in the said statement that they are satisfied with the effectiveness and adequacy the existing level of systems of risk management and internal control. Nevertheless, the Board wishes to advise that system of risk management and internal control is designed to manage risks to a reasonable level rather than to eliminate the risk of failure to achieve the Group’s business objectives. It can therefore only provide reasonable and not absolute assurance against material misstatement or financial losses or fraud.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	As mentioned in Practice 9.1, the Audit and Risk Management Committee is entrusted by the Board to overseeing the risk management framework in the Group. This Committee comprises fully Independent Non-Executive Directors.

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is assisted by an Internal Audit function, which is currently outsourced to a professional firm. Functionally, the Internal Auditors reports to the ARMC directly and is responsible for conducting periodic reviews and appraisals on the effectiveness and adequacy of governance, risk management and internal controls within the Group.</p> <p>The ARMC reviewed and approved the Internal Audit Plan to ensure that the appropriateness of the direction of the audit in which the Group is operating. The ARMC had also discussed with the Internal Auditor on the progress of the audit plan and ensured that the audit direction remains relevant taking into consideration any significant changes in the Group’s operating environment.</p> <p>When reviewing the Internal Audit reports, the Audit Committee will consider the impact of the audit issues and assess whether management has provided their comments appropriately reflecting their commitment to the audit recommendations.</p> <p>A private session with the Internal Auditors was held without the presence of management by the Audit Committee during the year. The objective of this private session is to enable the Internal Auditors to exchange their views freely to the Audit Committee and also to allow the Audit Committee to guide the Internal Auditors in discharging their work effectively and independently.</p> <p>Further details on the internal audit activities are reported in the ARMC Report on page 17.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit Function is carried out by BPS Advisor Sdn. Bhd.(“BPS”), an internal audit consulting firm. There is no other engagement between the Group and BPS which may create conflict of interest or impair their objectivity and independence.</p> <p>The internal audit function is headed by a Director who is assisted by an audit team comprising a manager and an executive. The Director in charge is a qualified accountant while other team members are accounting graduates from local universities.</p> <p>The Internal Auditors have conducted their work in consideration of the broad principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.</p> <p>Further details on the internal audit activities are reported in the ARMC Report on page 17.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of keeping shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via the Company's annual reports, various disclosures to Bursa Securities including quarterly financial results and various announcements made from time to time.</p> <p>The Group maintains a website at www.eeb.com.my where shareholders or investors may access information on the Group under "Investor Relations" link encompassing corporate information, latest financial results, annual reports, announcements to Bursa Securities, Board Charter, Code of Conduct and Ethics and Board Committees' terms of reference.</p> <p>Shareholders and investors are also encouraged to interact and feedback to the Chairman and CEO for opinions or concerns. The Board had also identified Datuk Yunus @ Mohd Yunus Bin Awang Hashim to act as the Senior Independent Director to provide shareholders and investors with an alternative to convey their concerns and seek independent view.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company has reported its Sustainability Statement on pages 15 to 16 of this Annual Report. The Group will establish a formal sustainability framework in stages and will embrace the key principles in the Sustainability Reporting Guide issued by the Bursa Securities on the following:</p> <ul style="list-style-type: none">• Define Board's oversight structure for overseeing the sustainability reporting;• Review the context of economic, environmental and social which the Group is operating at;• Identify the materiality and impact arising from the Group's business activities on these economic, environmental and social factors;• Ensure focus and attention are being given to manage the identified material factors appropriately; and• Define measures and target to monitor management initiatives on sustainability.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	31 December 2020

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 (“AGM”) should be given to the shareholders at least 28 days prior to the meeting.

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

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	General meetings empower shareholders to exercise their rights. Shareholders are provided with opportunity to participate in the question and answer session in which shareholders may raise questions regarding the proposed resolutions at the general meeting and matters relating to the Group's businesses and affairs. The Chairman, Chairmen of the respective Board Committees as well as other Board members will be present at the general meetings to respond to shareholders' queries. All Board members had attended the last AGM.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board will consider the convenience of shareholders in selecting a suitable and appropriate location to hold its AGM. The last AGM was held in Kota Bharu which is the present principal market place where the Group operates.</p> <p>Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf by completing the proxy form enclosed in the Annual Report and depositing it at the Registered Office at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.</p> <p>In line with Paragraph 8.29A(1) of the MMLR, all resolutions set out in the Notice of AGM were put to vote by poll. The Company also appointed an independent scrutineer to validate the vote cast in the AGM. The outcome of the AGM was announced to Bursa Securities on the same meeting day.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will consider the cost and benefit of leveraging technology to facilitate voting in absentia and remote shareholders' participation at general meetings when appropriate systems are well tested, feasible and suitable for the Company to adopt this practice.
Timeframe	:	