

## CORPORATE GOVERNANCE REPORT

STOCK CODE : 2097  
COMPANY NAME : Eastland Equity Bhd  
FINANCIAL YEAR : December 31, 2018

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 to be retained for Board decision.</p> <p>The Board has established Audit and Risk Management Committee ("ARMC"), Nominating Committee and Remuneration Committee to ensure greater attention in the deliberation of specific Board agenda. The Board has defined the terms of reference for each Committee and the Chairmen of the respective Board Committees shall report to the Board during the Board meeting on significant and salient matters deliberated in the Committees.</p> <p>The Board continued to ensure its effectiveness and provides strong leadership to the Group and Management. In order to ensure that business is being properly managed, the Board performed periodic reviews of the financial results of the Group. These periodic reviews covered the business operations, financial performance and corporate exercise of the Group. The Board reviewed and deliberated with management in every board meeting during the year in monitoring the progress of these subject matters.</p> <p>The Board has defined its Code of Conduct and Ethics. 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.</p>
<b>Explanation for departure</b>	:	

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

<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 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 board matters and policies.</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>
<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>	:	The position of Board Chairman and Managing Director are held by different directors.  Primarily, the role of the Board Chairman is to ensure the effective functioning of the Board while the key role of the Managing Director is to lead and manage the Group's operations and execute the decisions made by the Board.	
<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 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 decisions for appointment and removal of Company Secretaries or Secretaries rest with the Board.</p> <p>The key responsibilities of the Company Secretaries are:</p> <ul style="list-style-type: none"><li>○ Co-ordinating with the Board on the meeting agenda and schedule;</li><li>○ Managing all Board and Board committee meetings;</li><li>○ Attending and recording minutes of all Board and Board Committee meetings;</li><li>○ Advising the Board on the provisions in Companies Act and Main Market Listing Requirements as well as their applications with respect to the agenda discussed in the board meeting; and</li><li>○ Assisting the Board in managing AGM meeting proceedings.</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

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 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. Management ensured that each Director was provided with timely notices and minutes of meeting. Board papers were 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 reviewed and ensured that proper and adequate board agenda were covered for board deliberation. Executive Directors and Management were also invited to attend the Board and ARMC meetings to provide explanations to the agenda discussed.</p> <p>Upon conclusion of meeting, the Company Secretaries ensured that accurate and proper records of the proceedings and resolutions passed were recorded and the minutes were circulated to the Board members at least five (5) days before the next meetings.</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>The Board has defined its Board Charter setting out the roles, duties and responsibilities of the Board, Chairman, Managing Director 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.</p> <p>The Board had reviewed its Charter, schedule of matter, Code of Conduct and Ethics, whistleblowing policy as well as the terms of reference of the Board Committees These updated documents are published in the Company Corporate website at <a href="http://www.eeb.com.my">www.eeb.com.my</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 has defined its Code of Conduct and Ethics covering Board's values and principles. 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.</p> <p>As stated in Practice 2.1, the Board had reviewed its Charter, schedule of matter, Code of Conduct and Ethics, whistleblowing policy as well as the terms of reference of the Board Committees These updated documents are published in the Company Corporate website at <a href="http://www.eeb.com.my">www.eeb.com.my</a>.</p>
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<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>	:	The Board has defined its whistleblowing policy for the Group and had reviewed this policy in consideration of the practices in the latest MCCG.  Stakeholders who knows of, or suspects a violation of the Code may report the incidence to the Board Chairman or the ARMC Chairman by emailing to <a href="mailto:eastland@whistleblower.com.my">eastland@whistleblower.com.my</a> or posting to PO Box #911, L2- 08, Level 2, Cheras Leisure Mall, Jalan Manis 6, Taman Segar, 56100 Kuala Lumpur. During the financial year, the Board did not receive any complaints of violation to the Code.
<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>	:	Applied	
<b>Explanation on application of the practice</b>	:	Presently, the majority of the board members are Independent Non-Executive Directors. The Board conducted its annual appraisal through self-assessment and was satisfied with the effectiveness of the composition of the Board.	
<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 4.2

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>	:	Not applicable - No independent director(s) serving beyond 9 years														
<b>Explanation on application of the practice</b>	:	<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 2019</th> </tr> </thead> <tbody> <tr> <td>Datuk Yunus @ Mohd Yunus Bin Awang Hashim <i>(Resigned on 20 April 2019)</i></td> <td>15 June 2015</td> <td>4 Year</td> </tr> <tr> <td>Petrus Gimbad</td> <td>17 July 2013.</td> <td>6 Years</td> </tr> <tr> <td>Mohamed Akwal Bin Sultan Mohamad</td> <td>15 June 2015</td> <td>4 Years</td> </tr> </tbody> </table>				Date of Appointment	Years of Service on Anniversary Date in 2019	Datuk Yunus @ Mohd Yunus Bin Awang Hashim <i>(Resigned on 20 April 2019)</i>	15 June 2015	4 Year	Petrus Gimbad	17 July 2013.	6 Years	Mohamed Akwal Bin Sultan Mohamad	15 June 2015	4 Years
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<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 4.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Board Charter provides that when Board intends to retain its Independent Director beyond nine years, it would justify and seek shareholders' approval in the AGM.

### 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 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"> <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>2</td> <td>--</td> <td>2</td> <td>1</td> </tr> <tr> <td>Number of Senior Management</td> <td>1</td> <td>1</td> <td>--</td> <td>--</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Skill</th> <th>Accounting &amp; 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>1</td> </tr> <tr> <td>Number of Senior Management</td> <td>1</td> <td>1</td> <td>--</td> </tr> </tbody> </table>				Age Group	36-45 years	46-55 years	56-65 years	66-75 years	Number of Directors	2	--	2	1	Number of Senior Management	1	1	--	--	Skill	Accounting & Finance Management	Engineering	Business Management	Number of Directors	3	1	1	Number of Senior Management	1	1	--
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<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>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company have a policy on gender diversity. The Board in its Charter recognises the importance of board diversity in order to provide constructive debates and leading to better board decisions. Presently, the Board does not have female director. The Board will take steps to ensure that women candidates are sought in its recruitment exercise for board position when considering appointment of new director in the future.	
<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 4.6

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>The Board had considered the appointment of Lee Chee Kiang as the CEO on 23 January 2018 and subsequently designated him as Managing Director of the Group on 1 July 2018. In making its decision, the Board had reviewed the recommendations from existing board members in assessing his skillsets, knowledge, professionalism, character and experience in line with the needs of the Group. The nomination of Lee Chee Kiang had been deliberated and reviewed by Nominating Committee before recommending to the Board for decision.</p> <p>The Group had advertised the recruitment for the CEO position to enrich its sources for potential candidates.</p> <p>However, independent sources was not used to identify the candidate for Managing Director position, as the Board was satisfied with the performance of Lee Chee Kiang and accordingly designated him as the Managing Director of the Group.</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 Nominating Committee was chaired by Datuk Yunus @ Mohd Yunus Bin Awang Hashim, who was the Senior Independent Non-Executive Director during the financial year ended 31 December 2018.
<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>All Board members conducted a self-assessment and provided their feedback, views and suggestions for improvement.</p> <p>The results of these self-assessment were compiled and tabled to the Nominating Committee for review and deliberation. The principal considerations of the Board, Board Committees and Director performance appraisals in these self-assessments are:</p> <ul style="list-style-type: none"> <li>i. Effectiveness of the Board and the Committees of the Board as a whole;</li> <li>ii. Time commitment, character, experience, integrity, competence and contribution of each individual Director including Independent Non-Executive Directors, Managing Director/CEO and Executive Directors to ensure they have the time to discharge their respective roles; and</li> <li>iii. Mix of skills and experience of each individual Director including the core competencies of the Non-Executive Directors.</li> </ul> <p>The Board is satisfied with the overall performance effectiveness of the Board, Board Committees and individual directors and the independence of Independent Directors.</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>	:	Broadly, the remuneration policy of the Board is based on the individual's and Group's performance, and considers the 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.
<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 Board has established its Remuneration Committee. The present members of the Remuneration Committee are as follows and comprise wholly Non-Executive Independent Directors:</p> <p><b><u>Chairman:</u></b> Mohamed Akwal Bin Sultan Mohamad</p> <p><b><u>Members:</u></b> 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. The remuneration of the Executive Directors and Non-Executive Directors were 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 three (3) meetings to review the remuneration of CEO, Managing Director and Executive Directors and the fees and benefits payable to Independent Non-Executive Directors. Recommendations made in the meeting were tabled in the Board meeting.</p> <p>The amount of Directors' fee from 1 January 2018 to the upcoming annual general meeting was RM650,000.</p> <p>The details of the Board members' remunerations are presented in the next practice.</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> :	All remuneration received by Directors are paid from the Company. None of the Board members received remuneration from subsidiaries of the Company.					
	<b>Group and the Company</b>	<b>Directors' Fee (RM)</b>	<b>Meeting Allowances (RM)</b>	<b>Salaries (RM)</b>	<b>Other Emoluments (RM)</b>	<b>Benefits-in-Kind (RM)</b>
	Dato' Sri Abdul Hamidy Bin Abdul Hafiz ( <i>resigned on 31 December 2018</i> )	120,000	6,600	-	-	17,400
	Datuk Yunus @ Mohd Yunus Bin Awang Hashim ( <i>Resigned on 20 April 2019</i> )	96,000	9,000	-	-	7,000
	Datuk Melvinyeo Kiandee ( <i>Resigned on 18 July 2018</i> )	-	-	120,462	14,999	-
	Lee Chee Kiang ( <i>Appointed on 1 July 2018</i> )	-	-	210,000	25,662	-
	Mau Kam Wai ( <i>resigned on 28 February 2019</i> )	-	-	216,000	26,843	8,800.00
	Tan Chin Hong	-	-	216,000	26,843	8,800.00
	Petrus Gimbad	84,000	10,200	-	-	-
	Mohamed Akwal Bin Sultan Mohamad	60,000	7,800	-	-	-
	<b>Total</b>	<b>360,000</b>	<b>33,600</b>	<b>762,462</b>	<b>94,347</b>	<b>42,000</b>
<b>Explanation for departure</b> :						

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

<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>	:	Applied									
<b>Explanation on application of the practice</b>	:	<table border="1"> <thead> <tr> <th>Range of Remuneration (RM)</th> <th>Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM50,000-100 ,000</td> <td><b>Lee Chee Kiang</b> <i>(Chief Executive officer)</i> <i>(From 23 January 2018 to 30 June 2018)</i></td> </tr> <tr> <td>RM200,001 – RM250,000</td> <td><b>San Tuck Hoe</b> <i>(Financial Controller)</i></td> </tr> <tr> <td>RM150,000 – RM200,000</td> <td><b>Eric Wee-Ei Mas</b> <i>(Project Manager)</i></td> </tr> </tbody> </table>		Range of Remuneration (RM)	Senior Management	RM50,000-100 ,000	<b>Lee Chee Kiang</b> <i>(Chief Executive officer)</i> <i>(From 23 January 2018 to 30 June 2018)</i>	RM200,001 – RM250,000	<b>San Tuck Hoe</b> <i>(Financial Controller)</i>	RM150,000 – RM200,000	<b>Eric Wee-Ei Mas</b> <i>(Project Manager)</i>
Range of Remuneration (RM)	Senior Management										
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<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 7.3 - 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>	:	

**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 members of ARMC comprising fully Independent Non-Executive Directors and the Chairman of the ARMC is Petrus Gimbad who is not the Chairman of the Board.	
<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>	:	None of the members of the ARMC are former audit partners of the current external audit firm of the Group. The ARMC is mindful of the minimum two (2) years cooling off period best practice under the MCCG when considering the appointment of former key audit partner from its current external audit firm.  By adopting Practice 8.1 and 8.2, the Board is able to up hold the independence of ARMC and to provide the comfort that the company's financial statement is being reviewed objectively by ARMC in order to ensure its reliability.
<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 present External Auditors has been appointed since the financial year 2008. Nonetheless, the External Auditors practise a 5-year engagement partner rotation policy.</p> <p>The ARMC had reviewed the appointment, performance and remuneration of the External Auditors before recommending them to the Board for seeking shareholders' approval at the forthcoming AGM for re-appointment.</p> <p>The ARMC had defined its policy on evaluation of External Auditors. In assessing the External Auditors, the ARMC considered the adequacy of resources of the firm, timeliness of services and qualifications of the staff assigned to the audit as well as the auditors' independence and fee.</p> <p>The ARMC had conducted meetings with the External Auditors without the presence of the Executive Directors and employees of the Group. As part of the ARMC review processes, the ARMC also obtained 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>
<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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Board has established an effective and independent ARMC.  As reported in Practice 8.1, the members of ARMC 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Collectively, the ARMC possess a wide range of skills to discharge its duties and majority of its members are financially literate and are able to understand matters under the purview of the ARMC including the financial reporting process.</p> <p>While, not all ARMC members had attended professional development on accounting and auditing standards, practices and rules, based on the annual board committee assessment, the Board is satisfied with the performance of the ARMC and its individual members in discharging their duties in accordance with the ARMC's terms of reference.</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>	:	All members of ARMC will undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules in the future.
<b>Timeframe</b>	:	On-going

## 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>Presently, the ARMC is entrusted by the Board to oversee 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 responsibilities for execution of business plan and control and monitoring of risks are led by Managing Director, Executive Director and senior management team.</p> <p>The primary challenges are to address the cash flow position and the decline in revenue in the hospitality, property investment and property development businesses of the Group due to slowdown in the economy activities in the region. The Board recognises the urgent need for injection of new business to turn around the cash flows of the Group. The Group is presently exploring various other more holistic corporate proposals after an earlier corporate proposal was aborted as announced in Bursa Malaysia on 18 January 2019.</p> <p>The risk management thought process of COSO Enterprise Risk Management framework and ISO31000 on risk management are being applied by the Board when deliberating business agenda during the Board and Audit and Risk Management Committee Meetings. This thought process involves the identification of issues, consideration of the impact of the identified issues as well as effectiveness and adequacy of management actions. Similar thought processes on risk management are applied and embedded by management into the operating and business processes.</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>		

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board had 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, the review process by the Board and ARMC 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 and also received assurance from the Managing Director, Executive Director and the Financial Controller that to the best of their knowledge that the Group's risk management and internal control systems are adequate and effective, in all material aspects.</p> <p>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. Therefore, these systems could only provide reasonable and not absolute assurance against material misstatement or financial losses or fraud.</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>	:	As mentioned in Practice 9.1, the ARMC 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is assisted by an Internal Audit function, which is currently outsourced to BPS Advisor Sdn Bhd, an internal audit firm. Functionally, the Internal Auditors reports to the ARMC directly and is responsible for conducting periodic reviews and appraisals on governance, risk management and internal controls of the Group.</p> <p>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 ARMC will consider the impact of the audit issues and assess whether management has provided their comments appropriately reflecting their commitment to the audit recommendations.</p> <p>A private session with the Internal Auditors was held without the presence of management by the ARMC during the year. The objective of this private session is to enable the Internal Auditors to exchange their views freely to the ARMC and also to allow the ARMC to guide the Internal Auditors in discharging their work effectively and independently.</p> <p>Details on the internal audit activities carried during the year are reported in the ARMC Report on page 15.</p>
<b>Explanation for departure</b>	:	

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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit Function is carried out by BPS Advisor Sdn. Bhd.(“BPS”), an internal audit 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 and supported by an audit team comprising a manager and an executive who are accounting graduates. The Director in charge is Chong Kian Soon. Kian Soon is a member of Chartered Accountants Australia and New Zealand, the Malaysian Institute of Certified Public Accountants and the Institute of Internal Auditors Malaysia.</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>
<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 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 <a href="http://www.eeb.com.my">www.eeb.com.my</a> 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 were also encouraged to interact and feedback to the Chairman or Managing Director accordingly for their concerns. During the financial year, the Board had also identified a Senior Independent Director to provide shareholders and investors with an alternative to convey their concerns and seek independent view.</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 11.2

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>	:	The Group has yet to establish a formal sustainability and undertaken material sustainability initiatives. During the year, the Group resources were primarily focused on evaluating and exploring various corporate proposals for the Group.	
<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 (“AGM”) 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>In order to promote shareholders’ participation and engagement with the Board and senior management effectively in the AGM, the Board would ensure that the Notice of the AGM is sent to shareholders at least 28 days ahead of the date of general meeting. 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 prepare and consider the resolutions that will be discussed and decided at the AGM and will be able to make informed decision when exercising their voting rights.</p>
<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>	:	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 Chairmen of the respective Board Committees as well as other Board members will be present at the general meetings to respond to shareholders' queries.  Except for Mr. Mau Kam Wai, all Board members had attended the last AGM.
<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 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>		
<b>Measure</b>	:	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.
<b>Timeframe</b>	:	