

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 0189  
**COMPANY NAME** : MATANG BERHAD  
**FINANCIAL YEAR** : June 30, 2020

### **OUTLINE:**

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

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

#### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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 Charter of Matang Berhad ("Matang" or "Company") sets out the roles and responsibilities of the Board of Directors ("Board"), amongst others,:</p> <ol style="list-style-type: none"><li>1. to provide overall strategic guidance for the Company and effective oversight of the management.</li><li>2. to ensure that the activities of the Company comply with its constitution, from which the Board derives its authority to act, and monitor the Company's performance to create sustainable value for shareholders in a sustainable manner.</li></ol> <p>The Board and the Company aim to create value for the shareholders through growth and development from its existing operations in particular the plantation estate of the Company in Ledang and Segamat districts, Johor ("Matang Estate"). This is done through various means that include but not limited to evaluation by the Board of opportunities for expansion with the acquisition of suitable estates, plantations and/or new land bank for oil palm as well as diversification into sectors which is/are deemed viable, sustainable and beneficially for Matang group of companies ("Matang Group" or the "Group").</p> <p>To achieve the above, for financial year ("FY") 2020:</p> <ol style="list-style-type: none"><li>1. The Board has undertaken actions to ensure productions of fresh fruit bunches ("FFB") is optimised or maximised to the extent possible for the Matang Estate. This is evident with the production yield of Matang Estate of 20.13 tonnes per hectare outperforming the industry. The FFB yield reported for Johor State was 19.18 tonnes per hectare and 16.60 tonnes per hectare for Malaysia as a whole for period from July 2019 to June 2020.</li></ol>

Consistent with the trend of industry, the decline in FFB yield of Matang Estate for FY2020 as compared to the previous FY was believed to arise from the entry of oil palm in biological resting period particularly as evident in the second half of 2019 where FFB productions plunged significantly from October to December 2019.

2. The Group has also obtained the shareholders' approval in November 2019 to diversify into durian business that includes ownership, operation and management of durian plantation, processing, production and distribution of durian, and any related downstream business activities ("Durian Business") ("Proposed Diversification"). Advised and assisted by the Durian Project Committee which is chaired by Datuk Teoh Sew Hock ("Datuk Teoh"), the Group established its first durian plantation of 115 acres within the existing Matang Estate ("Durian Plantation") and shall have completed major land development and earthworks by end of October 2020, after which planting and grafting shall follow. Barring unforeseen circumstances, the Group expects that certain percentage of its first Durian Plantation shall start flowering and may bear durian fruits by 2025.
3. In addition to measures introduced in last FY, the Group also undertook continuous improvements to processes within the Estate to ensure sustainability as follows:
  - Formalising the Harvesting Supervision Record which is to be prepared and completed on daily basis to document harvesting supervision completed.
  - Undertaking FFB grading at internal ramp in the Estate before transporting the same to the palm oil mills for quality assurance as well as traceability to reduce FFB harvests of low or poor quality, such as overripe, unripe or underripe fruits.
  - Setting key performance indicators for monitoring of mill deductions and mill returns. Queries will be raised internally if daily mill deductions and returns exceed KPIs or benchmarked set.
  - Undertaking measures to increase labour force and to overcome issues of insufficient workforce encountered by the Estate, including application submitted for additional foreign labour quota and also engaging external contractors for the supply of additional workers for both harvesting and upkeep and maintenance activities in the Estate.

	<p>Further details to the above measures have been included in the Management Discussion and Analysis and Sustainability Statement in the Annual Report of the Company for financial year ended 30 June 2020 (“Annual Report 2020”).</p> <ol style="list-style-type: none"> <li>4. The Group has been awarded certification of Malaysian Sustainable Palm Oil (“MSPO”) on 5 August 2019 having executed the process of necessary audits and compliance monitoring during FY2019. Annual surveillance audit for the compliance of MSPO requirements have been undertaken in August 2020.</li> <li>5. As before, the Company is also constantly seeking opportunities as well as exploring the acquisition of suitable oil palm plantation and / or new land bank for oil palm as part of the Group’s long term plan for strategic growth or development. In addition, if suitable opportunities present, the Group intends to also expand its Durian Business in the near future.</li> </ol> <p>The Board has delegated specific responsibilities to the relevant Board Committees, i.e., Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. The Board also reviews and challenges the management’s proposals tabled as well as undertaking comprehensive deliberations amongst the Board members on the same. Often, the views and opinions of the Audit and Risk Management Committee in respect of the management’s proposals in particular in the event of commercial, financial and legal matters being involved, are also sought. The Board also delegates to Audit and Risk Management Committee to independently evaluate the adequacy of risk management and internal controls of the Group. The Board delegates the responsibilities and tasks of reviewing the management’s performance, evaluating the performance of Board and Board Committees, reviewing the candidates for new appointment as well as succession planning to the Nomination Committee. The terms of reference for the Board Committees can be found on the website of the Company, <a href="http://www.matangbhd.com">www.matangbhd.com</a>.</p> <p>In addition, the Group also has in place Management Committee currently made up of two Executive Directors of the Company, Chief Financial Officer (“CFO”) cum Chief Operating Officer (“COO”) and the Head of Corporate Services and Finance. The chairman of Management Committee is Datuk Ir Low Ah Keong (“Datuk Ir Lawrence Low”) and the said committee sits on monthly basis to deliberate and decide on management matters of the Group. The Management Committee is also guided by the Durian Project Committee (chaired by Datuk Teoh Sew Hock) for advice on operational and execution matters in relation to the Durian Plantation and Durian Business.</p>
<p><b>Explanation for departure</b> :</p>	

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

**Intended Outcome**

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 Board of the Company is headed by Dato' Foong Chee Meng ("Dato' Foong" or "Chairman") who is primarily responsible for the orderly conduct of the Board, in particular, for the deliberation and decision making of the Board in all Board meetings of the Company. Dato' Foong was re-designated as Independent Non-Executive Chairman (from Independent Non-Executive Director) of the Company on 20 May 2020.</p> <p>In accordance with the Board Charter, the Chairman ensures that Board is responsible for and accordingly functions, deliberates and decides on:</p> <ol style="list-style-type: none"> <li>1. providing guidance, reviewing and approving strategic plans and performance objectives;</li> <li>2. monitoring financial performance of the Company and approving quarterly and yearly financial reports;</li> <li>3. reviewing and approving major capital expenditure, capital management, major acquisitions and divestment and material commitments;</li> <li>4. declaring interim dividend and recommendation of final dividend for shareholders' approval;</li> <li>5. establishing committees and policies as to facilitate more effective discharge of the Board's roles and responsibilities;</li> <li>6. ensuring with the assistance of Board committees, appropriate functions, compliance and obligations are effectively discharged;</li> <li>7. reviewing and approving recommendations made by various Board committees;</li> <li>8. overseeing and reviewing systems of internal control/compliance, risk management and control and legal compliance of the Company to ensure that they are operating effectively;</li> <li>9. appointing and if appropriate, removing directors and company secretary;</li> </ol>

	<p>10. approving succession plans, including appointing and training of directors and senior management;</p> <p>11. approving remuneration policies for directors; and</p> <p>12. ensuring effective communication and reporting to shareholders to ensure they are informed of the performance and major developments of the Company.</p> <p>Dato' Foong attended all six (6) Board meetings held during FY2020 where one (1) meeting of which he chaired as the Chairman of the Board. In addition, for four (4) other Board meetings, Dato' Foong was the chairperson of the Board meeting while Mr Lew Weng Ho, the former Independent Non-Executive Director who has retired as Director on 26 November 2019 chaired one of the Board meetings.</p> <p>A number of these meetings involved amongst others, deliberations of management's proposals for operational targets and implementation of the same, budget planning, evaluating potential acquisitions as well as the Proposed Diversification. The Chairman leads the Board meetings and discussions and encourages participation from all Board members.</p> <p>With the assistance of the Company Secretaries, the Chairman reinforces the importance of good governance in the functioning of the Board including but not limited to implementation of thorough and objective deliberations of management, expansion and corporate proposals and all associated issues and risks. In addition, the Chairman ensures that all Board members has equal access to advice of professionals including but not limited to the Company Secretaries, Internal Auditors and External Auditors for any issues and questions encountered in the functioning of the Board. The Chairman ensures that all Board members have equal opportunities to raise their concerns and questions to the management any proposals as well as major operational matters tabled by the management.</p> <p>The profile of the Chairman can be found in the Directors' Profile of the Annual Report 2020.</p>
<p><b>Explanation for departure</b></p>	<p>:</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><b>Measure</b></p>	<p>:</p>

<b>Timeframe</b>	:		
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### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The position of the Chairman of the Company was held by Dato' Foong, who is an Independent Non-Executive Director.</p> <p>The management of the Company was led by the former Executive Deputy Chairman, i.e., Datuk Kiat Swee Sung until his re-designation on 25 February 2020. Thereafter, his roles and responsibilities as the head of management were assumed by Datuk Ir. Lawrence Low, an Executive Director of the Company who is also the Chairman for the Management Committee of the Company.</p> <p>The roles of the Chairman and the Executive Directors are separate, with clear division of functions and responsibilities and balance of power and authority between them. The role of the Chairman has been set out in the Board Charter while the roles and responsibilities of the Executive Directors are set out in the Terms of Reference of the latter as well as in the Term of Reference for the Management Committee, both of which have been approved by the Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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 supported by qualified and competent Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Board of the Company has direct access to the advices and services of the Company Secretaries.</p> <p>The Company Secretaries attended all Board and Board Committee meetings and general meetings. In addition, the Company Secretaries also regularly update and advise the Board and the management of the Company on any new statutory and regulatory requirements in connection with discharging the duties and responsibilities of the Directors and the management.</p> <p>The Company Secretaries do not hold any directorship and do not have any family relationship with any of the Company's Directors or major shareholders of the Company and have no conflict of interest whatsoever in the Group.</p> <p>The details of the Company Secretaries can be found under Corporate Information in Page 2 of the Annual Report 2020.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.5**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Meetings of the Board and Board Committees are scheduled in advance for the calendar year to enable the Directors and management to plan ahead. Notice of Board and Board Committees meetings of the Company are circulated to the Directors / committee members at least seven (7) days before the scheduled meeting dates save as provided under the Constitution for emergency circumstances (i.e., for special Board meetings) where reasonable notice of meeting shall be sufficient.</p> <p>Meeting materials for the Board and Board committees of the Company are always circulated via electronic mails to the Directors and members of the relevant committees of the Board within reasonable time frame before the meetings.</p> <p>Minutes of the preceding meetings of the Board and Board committees are also circulated to the members of the Board and Board committees respectively prior to the succeeding meeting in which the minutes shall be discussed and approved.</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 Charter (which is published on the website, <a href="http://www.matangbhd.com">www.matangbhd.com</a>) of the Company is available for review and updated where required, from time to time depending on the appropriate needs of the Company.</p> <p>The Board Charter sets out, amongst others, the roles and responsibilities of the Board, Board committees, Directors and management as well as specific matters for which decisions of the Board are required or ought to be sought by the management prior to implementation.</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 of the Company has in 2017 approved the Code of Ethics and Conduct for Directors and the same being amended on 20 May 2020 to include effects of the requirements on the Company pursuant to adequate procedures for mitigating corporate liability under the Section 17A of the Malaysian Anti Corruption Commission Act 2009 (Amendment 2018) ("MACC Act").</p> <p>The Code of Ethics and Conduct for Directors include guidance and ethics required of the Directors of the Company in avoiding and where applicable dealing with conflicts of interest, confidentiality and fair dealing, use of corporate assets and company funds and reporting of illegal or unethical behaviours.</p> <p>Other areas required to be observed by the Directors include a general standard of conduct expected as well as compliance with rules, laws and regulations.</p> <p>In addition, the Company has also established the Code of Ethics and Conduct for Employees that include, amongst others, general policy of the Company towards anti bribery and corruption, the policy of which is to be observed by the employees of the Group at all times.</p> <p>A copy of the Code of Ethics and Conduct of Directors and Employees are available on the Company's website, <a href="http://www.matangbhd.com">www.matangbhd.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 3.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has in 2017 approved the Whistle Blowing Policy which has been implemented Group wise. The Whistle Blowing Policy has been modified on 20 May 2020 for adoption to include policy of the Company in relation to anti-bribery and anti-corruption. The amended Whistle Blowing Policy of the Company has been re-circulated to all staff within the Group for observation and has also been posted on the website of the Company, <a href="http://www.matangbhd.com">www.matangbhd.com</a>.</p> <p>Any stakeholders suspecting any wrongdoings in the Group as listed under the Whistle-Blowing Policy are encouraged to lodge a confidential report in writing to:</p> <p>Audit and Risk Management Committee Chairman Matang Berhad Unit 39.02, Level 39, Menara Multi-Purpose, Capital Square, 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur Malaysia.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Matang was incorporated as a special purpose vehicle to facilitate the listing of Matang Holdings Berhad (“MHB”) on the ACE Market on Bursa Malaysia Securities Berhad (“Bursa Securities”).</p> <p>A majority of the Company’s existing shareholders, i.e., up to approximately 72% as of 28 September 2020 are either residents of Johor or are based in the State of Johor.</p> <p>The current composition of Board which comprise a number of Non-Executive Directors reflects the significant shareholder base of the Company in Johor where a number of the Directors are known to the shareholders from the same state/region.</p> <p>While the Company took note of the recommended practice under Malaysian Code on Corporate Governance for half of the Board to comprise Independent Directors, the Company had tried to look for additional Independent Directors but was not successful.</p> <p>Having said the above, the Company complies with the requirements under Rule 15.02 (1) of the ACE Market Listing Requirements of Bursa Securities where 1/3 of the Board is made up of Independent Directors.</p> <p>The Company continued to ensure that Board decisions and judgements are and will be made independently and objectively by ensuring that the criteria of independence as defined in the ACE Market Listing Requirements are met for the appointment of Independent Directors.</p> <p>All existing Independent Directors in the Company do not play executive role in the Company and hence are able to act independently from the management of the Company and do not participate in any business dealings and are not involved in any other relationship with the Group that may impair their independence.</p> <p>The functioning of Independent Directors in the Company provides the necessary check and balance in the discharge of the Board functions as</p>



	<p>well as with regards to management’s proposals and the Independent Directors’ views carry significant weights in all Board deliberations and decision-making.</p> <p>The Audit and Risk Management Committee of the Company comprises solely of Non-Executive Directors, majority of whom are Independent Directors with diverse background and relevant experience, i.e., from accountancy and finance to legal and corporate as well as management and entrepreneurship. Hence, in line with the requirements under ACE Market Listing Requirements, the Audit and Risk Management Committee of the Company comprises only Non-Executive Directors.</p> <p>Besides, in ensuring objectivity for major and relevant strategic, operational and management decisions affecting the Company including but not limited to budget, corporate proposals and proposed acquisitions, the Board and/or the Company ensure that:</p> <ol style="list-style-type: none"> <li>1. prior thorough deliberations have been undertaken by the Audit and Risk Management Committee of the Company; and</li> <li>2. relevant recommendations of the Audit and Risk Management Committee are provided for the Board to deliberate and decide.</li> </ol> <p>The Non-Independent Non-Executive Directors were nominated to the Board by the major shareholders and are not themselves substantial shareholders. None of the Directors holds more than 5% of the shares in the Company.</p> <p>The profile of the Directors of the Company including the Directors appointed to the Audit and Risk Management Committee have been included in Annual Report 2020.</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><b>Measure</b></p>	<p>: Not Applicable</p>		
<p><b>Timeframe</b></p>	<table border="1" style="width: 100%;"> <tr> <td data-bbox="574 1423 964 1509"> <p>: Others</p> </td> <td data-bbox="964 1423 1380 1509"> <p>Not Applicable</p> </td> </tr> </table>	<p>: Others</p>	<p>Not Applicable</p>
<p>: Others</p>	<p>Not Applicable</p>		

**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>	:		
<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 4.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board Charter of the Company sets out that:</p> <ol style="list-style-type: none"><li>1. The tenure of an Independent Director should not exceed a cumulative term of nine years;</li><li>2. The Board may seek shareholders' approval in the event it retains an Independent Director, who has served in that capacity for more than nine years with strong justification provided;</li><li>3. Otherwise, upon completion of nine years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.</li></ol> <p>The Company currently does not have any independent directors who have served more than 9 years.</p>

**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 Company has in place formal and transparent procedures for the appointment of new Directors and senior executives, the procedures of which are set out under the Board Charter with regards to the purpose, roles and responsibilities of the Nomination Committee.</p> <p>The selection criteria of the candidates to serve as members of the Board includes amongst other things:</p> <ol style="list-style-type: none"> <li>1. skills, knowledge, expertise and experience</li> <li>2. professionalism;</li> <li>3. integrity, and</li> <li>4. in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee would also evaluate the candidates' ability to discharge such responsibilities / functions expected.</li> </ol> <p>The selection criteria of candidates to serve as key management member or senior executives of the Company includes amongst other things, integrity, qualifications, experience, aptitude, leadership and ability to exercise sound judgement and possessing acumen relevant to the Company's business.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company set out in its Annual Report 2020 the following disclosure with regards to gender diversity.</p> <p>The Board is cognisant of the recommendation under the Malaysian Code on Corporate Governance with regards to workforce and boardroom gender diversity.</p> <p>The Company does not restrict any specific gender in filling the workforce gaps so long as the suitable candidates have the merits amongst others, qualifications, experience and aptitude for specific roles or designations in the organisations within the Group.</p> <p>As of 30 June 2020:</p> <ol style="list-style-type: none"><li>1. The Group has 75 male and 5 female employees;</li><li>2. Of the 75 male employees, a majority of them, i.e., about 84% are workers involved in the fields of the Group's Matang Estate;</li><li>3. All of the 5 female employees within the Group are staff either in the office in Matang Estate or in the head office in Kuala Lumpur. All but 3 female employees are based in office environment.</li></ol> <p>The Board considers that the Group has a sufficient diverse pool of employees in terms of gender.</p> <p>The Board, the Company and its subsidiaries evaluate the suitability of candidates for new Directors based on the candidates' integrity, independence, experience, leadership, time commitment, ability to exercise sound judgement relevant to the Company's business.</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**

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>During FY2020, the Company has not appointed any new Directors.</p> <p>However, the Board Charter provides that:</p> <ol style="list-style-type: none"> <li>1. the Nomination Committee is responsible for considering and making recommendations for the appointment of new Directors to the Board considering the appropriate size, functions and needs of the Board;</li> <li>2. all nominees for positions of new Directors are first considered by the Nomination Committee before recommendation is made to the Board;</li> <li>3. the Nomination Committee has the authority as necessary and appropriate to consult with outside advisors to assist in their duties to the Company.</li> </ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee is chaired by Dato' Foong Chee Meng, an Independent Director who is also the Independent Non-Executive Chairman of the Company	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

### Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee has undertaken by way of questionnaires for annual evaluation of the Board, the Board Committees and individual Directors for FYE 30 June 2020.</p> <p>The criteria assessed include amongst others the following:</p> <ol style="list-style-type: none"><li>1. For Board and Board Committee (including its effectiveness):<ol style="list-style-type: none"><li>a. Board mix and composition</li><li>b. Quality of information and decision making</li><li>c. Boardroom activities</li><li>d. Board's relationship with the management</li></ol></li><li>2. For Audit and Risk Management Committees and its effectiveness evaluated by the Directors:<ol style="list-style-type: none"><li>a. Quality and composition</li><li>b. Skills and competencies</li><li>c. Meeting administration and conduct</li></ol></li><li>3. For Individual Directors:<ol style="list-style-type: none"><li>a. Fit and proper</li><li>b. Contribution and performance</li><li>c. Calibre and personality</li></ol></li></ol> <p>The Board Charter of the Company has provided for the authority and responsibilities of the Nomination Committee of the Company to conduct annual review of the performance and required mix of skills and experience of all directors to ensure the effectiveness of the Board and Board committees.</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

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

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

### Practice 6.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has on 27 August 2018 approved and adopted the Remuneration Policy for Directors and Senior Executives of the Company, the policy of which considers the following amongst others, in setting the remuneration and rewards:</p> <ol style="list-style-type: none"><li>1. the skills, experience and competency of members of Board,</li><li>2. the complexities of roles, responsibilities and task undertaken; and</li><li>3. the performance of the Company and/or Group.</li></ol> <p>The Remuneration Policy for Directors and Senior Executives of the Company is available for reference on the Company's website: <a href="http://www.matangbhd.com">www.matangbhd.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The 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 Company has established its Remuneration Committee and the Terms of Reference of the Remuneration Committee sets out amongst others:</p> <ol style="list-style-type: none"><li>1. the composition of the Remuneration Committee;</li><li>2. the duties and responsibilities of the Remuneration Committee;</li><li>3. the authority of the Remuneration Committee; and</li><li>4. the meeting procedures of the Remuneration Committee.</li></ol> <p>The Terms of Reference of Remuneration Committee of the Company has been made available for reference on the website of the Company, <a href="http://www.matangbhd.com">www.matangbhd.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 7.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company has since Annual Report 2017 adopted the disclosure of the remuneration breakdown of individual Directors based on director fees, salaries and allowances. The same practice has been continued for the Annual Report 2020 and disclosed in the Corporate Governance Overview Statement.	
<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 7.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company has decided that to avoid poaching by other organisation, the detailed remuneration of each of the top 5 senior management team are not presented or disclosed.	
		Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not Applicable	
<b>Timeframe</b>	:	Others	Not Applicable

**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 Chairman of the Company's Audit and Risk Management Committee is Mr Yeo Kwee Kwang ("Mr Yeo"). Mr Yeo, an Independent Non-Executive Director, was formerly a member of the Audit and Risk Management Committee and has been re-designated as the Chairman of the said Committee with effect from 26 November 2019 following the retirement of Mr Lew Weng Ho ("Mr Lew") as the Director of the Company on even date. Both Mr Lew and Mr Yeo are not 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>	:	<p>The Company has on 27 August 2018 adopted in the Terms of Reference for Audit and Risk Management Committee the requirement for any former key audit partner of the Company to observe a cooling-off period of at least two years before being appointed as a member of the Audit and Risk Management Committee of the Company.</p> <p>Presently, no member of the Audit and Risk Management Committee is a former key audit partner of the Group's external auditors.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.3**

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Company has put in place as part of the Terms of Reference for the Audit and Risk Management Committee, the duties and responsibilities of the Audit and Risk Management Committee to amongst others:</p> <ol style="list-style-type: none"> <li>1. consider and recommend the appointment of the external auditors, the audit fee, and any questions of independence, as well as resignation or dismissal and inquire into the staffing and competence of the external auditors in performing their work and assistance given by the Company's officers to the external auditors;</li> <li>2. discuss with the external auditors before the audit commences the nature, scope and any significant problems that may be foreseen in the audit, ensure adequate test to verify the accounts and procedures of the Company and ensure co-ordination where more than one audit firm is involved;</li> <li>3. ensure and confirm that the management has placed no restriction on the scope of the audit;</li> <li>4. review and discuss on the evaluation and findings of the system of risk management and internal controls and the audit reports on the financial statements;</li> <li>5. discuss problems and reservations arising from interim and final audits and any matters the auditor may wish to discuss (in the absence of the management where necessary) and the management's response with regards to the problems and reservations arising from their audits;</li> <li>6. Provide a line of communication between the Board and external auditors.</li> </ol> <p>For FY 2020, the Audit and Risk Management Committee had on 20 May 2020 deliberated on the suitability and independence of the external auditors. The external auditors have also provided confirmation of their team's independence as well as presenting to the Audit and Risk</p>

	Management Committee the outcome of the audit of financial statements of the Group.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Audit and Risk Management Committee of the Company comprises two Independent Directors and a Non-Independent Non-Executive Director, namely:</p> <ol style="list-style-type: none"><li>1. Mr Yeo Kwee Kwang, the Chairman of the Audit and Risk Management Committee;</li><li>2. Dato' Foong Chee Meng, member of the Audit and Risk Management Committee;</li><li>3. Datuk Teoh Sew Hock, who has been appointed as member of the Audit and Risk Management Committee of the Company on 26 November 2019.</li></ol> <p>All members including the Chairman of the Audit and Risk Management Committee are Non-Executive Directors of the Company.</p>

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit and Risk Management Committee of the Company comprise the following members who are financially literate and whose key experiences are summarised hereunder for reference:</p> <ol style="list-style-type: none"><li>1. Mr Yeo Kwee Kwang ("Mr Yeo"), as the Chairman of the Audit and Risk Management Committee. Mr Yeo is a professional accountant. He was admitted as a member of the Malaysian Institute of Accountants ("MIA") in 1997 and in 2001, he was certified as Chartered Accountant by MIA. Besides, Mr Yeo is an Associate Member of Malaysian Institute of Taxation since 1998 and Associate Member of Institute of Chartered Secretaries and Administrators of the United Kingdom since 1995.</li><li>2. Dato' Foong Chee Meng ("Dato' Foong"), as a member of the Audit and Risk Management Committee, is solicitor who was admitted in the Supreme Court of New South Wales and the Federal Court of Australia in 1989 and has been admitted as Advocate and Solicitor of High Court of Malaya in 1993.  Dato' Foong has served in Messrs Baker McKenzie in Sydney, Australia as solicitor and subsequently in Messrs Zaid Ibrahim &amp; Co. from 1996 to 2003 where he became a partner leading the Corporate &amp; Commercial and Foreign Investment practice groups. Dato' Foong currently holds the position of the Managing Partner of Messrs Foong &amp; Partners. He is also currently independent non-executive directors of RHB Islamic Bank Berhad and Kumpulan Jetson Berhad.</li><li>3. Datuk Teoh Sew Hock ("Datuk Teoh"), a member of the Audit and Risk Management Committee of the Company since 26 November 2019.</li></ol>

	<p>Datuk Teoh attended Campbell University, United States, where he obtained a Bachelor of Science Degree in 1994. He began his career in 1995 as Managing Director of Local Basic Sdn Bhd, a family-owned business which is involved in manufacturing, assembly and sale of bicycle components, electrical appliances and components in Gelang Patah, Johor.</p> <p>Apart from the family business in which Datuk Teoh is managing, Datuk Teoh has extensive experiences in property development, farming and marketing of swiftlet bird nests, food and beverage businesses. In addition, Datuk Teoh is active in durian plantation business, a segment of business in which the Group has recently diversified into.</p> <p>Mr Lew Weng Ho (Mr Lew”) was the Chairman of Audit and Risk Management Committee until his retirement as the Director of the Company at the conclusion of the Company’s AGM on 26 November 2019. Mr Lew has also attended courses on professional development including “Evaluating Effectiveness of Internal Audit Function – Audit Committee’s Guide to How To” organised by Bursa Securities on 15 October 2019.</p>	
<p><b>Explanation for departure</b></p>	<p>:</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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### 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>In undertaking the function to establish an effective risk management and internal control framework and system, the Board has delegated the detailed oversight to the Audit and Risk Management Committee of the Company.</p> <p>Amongst others, the Terms of Reference of the Audit and Risk Management Committee of the Company include to monitor the Company's performance of internal audit functions and to review and make recommendations on the risk management policies.</p> <p>In particular, the Audit and Risk Management Committee's duties with regards to internal audit function of the Company also encompasses, <i>inter alia</i>, to consider major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on recommendations of the internal audit function.</p> <p>The Company had appointed an independent Internal Auditors, namely, NGL Tricor Governance Sdn Bhd which has continued to undertake the internal audit review for FY2020 too. In discharging its duties and responsibilities, the Audit and Risk Management Committee had on 27 August 2020 deliberated with the Internal Auditors the key findings and observations made of their works for FYE 30 June 2020.</p> <p>The risk management framework, risk profile and risk register which were deliberated on 27 August 2020 by the Board form the fundamental reference and/or guidance for the Group to:</p> <ol style="list-style-type: none"><li>1. identify risks affecting the Group,</li><li>2. categorise the risks based on impact and occurrence;</li><li>3. monitor and manage the risks.</li></ol> <p>The risk profile and risk register for the Group are subject to annual review with the assistance of independent risk management consultant, NGL Tricor Governance Sdn Bhd. For FY2020, the review have been accordingly conducted in July/August 2020 and outcome</p>

	<p>tabled and deliberated by the Audit and Risk Management Committee and the Board on 27 August 2020.</p> <p>The details of both the internal audit review and risk management assessment were included in the Statement of Risk Management and Internal Control from page 25 to 27 of the Annual Report 2020.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Details on the risk management and internal control framework and reporting of risks as well as controls in place to mitigate and manage those risks are provided under the annual Statement on Risk Management and Internal Control disclosed in the Company's Annual Report 2020.</p> <p>The Statement on Risk Management and Internal Control has also been reviewed by the Company's external auditors and attested by the Board.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Companies 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>	:	<p>The Audit and Risk Management Committee of the Company (majority of which is made of Independent Directors) has been in charge of the oversight of the risk management and internal control effectiveness of the Company with specific functions and duties under its Term of Reference with regards to risk management and internal control.</p> <p>The Terms of Reference of the Audit and Risk Management Committee is available for reference on the Company's website, <a href="http://www.matangbhd.com">www.matangbhd.com</a>.</p>

**Intended Outcome**

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

**Practice 10.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Auditors of the Company is mandated to report directly to the Audit and Risk Management Committee and accordingly the Committee also:</p> <ol style="list-style-type: none"> <li>1. review the adequacy of the competency of the internal audit function including scope and resources of the internal audit function;</li> <li>2. ensure that the internal audit function has the necessary authority to carry out its works.</li> </ol> <p>For FY2020, the internal audit function carried out internal audit review on the following areas within the Group:</p> <ol style="list-style-type: none"> <li>1. Procurement process</li> <li>2. Field upkeep and maintenance (manuring) process.</li> </ol> <p>The internal audit function had issued and presented the internal audit report to the Audit and Risk Management Committee on 27 August 2020 and the Internal Auditors were present on even date to deliberate the same with the Committee.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established the Audit and Risk Management Committee to oversee the functions of internal audit exercises on the Group. It recognises the importance of maintaining a sound system of internal control and risk management practices in ensuring good corporate governance.</p> <p>The Audit and Risk Management Committee Report in the Annual Report 2020 of the Company contains the disclosure on the following in connection with the internal auditors / function of the Company:</p> <ol style="list-style-type: none"><li>1. confirmations with regards to conflicts of interest, independence and objectivity;</li><li>2. resources of independent internal audit professional firm;</li><li>3. name, qualification and profile of the person leading the internal audit; and</li><li>4. the summary of the internal audit function framework.</li></ol> <p>More details with regards to the above are included in the Statement on Risk Management and Internal Control in the Annual Report 2020.</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>	:		
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### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company maintains a website, <a href="http://www.matangbhd.com">www.matangbhd.com</a> in which it is uploaded with announcements made to Bursa Securities in particular for financial results and corporate development as well as other relevant information about the Company and the Group.</p> <p>In the 5<sup>th</sup> Annual General Meeting on 26 November 2019 ("AGM"), the Company prepared and made presentation to the shareholders on its operational and financial performance for financial year ended 30 June 2019.</p> <p>Dialogue with the shareholders in addressing questions of the shareholders was also undertaken during the AGM. The records of questions raised and answers provided to questions from shareholders were also posted on the website of the Company, <a href="http://www.matangbhd.com">www.matangbhd.com</a>.</p> <p>As with the ACE Market Listing Requirements, when necessary the Company will issue comprehensive circulars to the shareholders to facilitate the seeking of shareholders' approval for relevant matters required under the Listing Requirements. For FY2020, the Company has issued a circular dated 29 October 2019 for seeking shareholders' approval in relation to the Proposed Diversification.</p> <p>Given the size of shareholder base of the Company, the Board views that annual general meetings and extraordinary general meetings called and conducted will be good opportunities for the shareholders to seek clarifications on the performance and development of the Group.</p> <p>Also considering the number of shareholders of the Company, appropriate press releases or statements as and when necessary may be effective to disseminate information for important matters in line with the manners allowed under the ACE Market Listing 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 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 Company has yet to adopt the integrated reporting based on globally recognised framework as the Company is not categorised under Large Companies pursuant to the Malaysian Code on Corporate Governance.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The notice for the Company's 5<sup>th</sup> Annual General Meeting ("AGM") held on 26 November 2019 has been circulated to the shareholders on 29 October 2019. The announcement for the 5<sup>th</sup> AGM notice has been released to Bursa Securities on 25 October 2019 and the same advertised in The Star newspapers on 29 October 2019.</p> <p>The notes to the Notice of the 5<sup>th</sup> AGM had provided explanations to the resolutions proposed to enable the shareholders to make an informed decision in 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>	:	At the 5 <sup>th</sup> Annual General Meeting held on 26 November 2019, all the Directors including the respective Chairman of the Board Committees, i.e., the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee were present. Besides the Directors, the Management and external auditors were also in attendance to respond to the shareholders' queries.	
<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>	:	Others	Not Applicable.

### 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>	:	The Company does not conduct meetings in remote location and it is not cost effective nor practical for the Company to leverage on technology to facilitate voting in absentia or having remote shareholders' participation at General Meetings.	
		The Company's 5 <sup>th</sup> AGM has been held at the Auditorium, 3 <sup>rd</sup> Floor, Wisma MCA, 163, Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 26 November 2019.  The shareholders of the Company were allowed to appoint any person(s) as their proxies to attend, participate and vote in their stead at the general meeting.  To facilitate proper arrangement of the shareholders to attend the AGM of the Company, the Company had adhered to the recommendation of the Malaysian Code on Corporate Governance by providing notice of the 6 <sup>th</sup> AGM 28 days ahead of the meeting date.  The notice of the 5 <sup>th</sup> AGM had also been prepared and disseminated to the shareholders to facilitate understanding of the agenda ahead of the meeting date.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not Applicable	
<b>Timeframe</b>	:	Others	Not Applicable

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

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

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