

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0198  
**COMPANY NAME** : GDB HOLDINGS BERHAD (“GDB” or “the Company”)  
**FINANCIAL YEAR** : December 31, 2019

## 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 acknowledges that its key responsibilities includes establishing the Company and its subsidiaries' ("Group") objectives, deliberating and directing the strategic plans and policies and the strategic allocation of the Group's resources to align with the overall objectives of the Group. The primary focus of the Board mainly comprises of formulation of strategies, overseeing the proper conduct of the Group, monitoring of financial performance, evaluation and management of principal risks faced by the Group, implementation and review of risk management and internal control system, as well as succession planning.</p> <p>The Group is led and managed by effective and experienced Board comprising members with a wide range of experience and qualifications.</p> <p>To ensure the effective discharge of its function and responsibilities, the Board delegates some of the authorities and discretions to the Group Managing Director ("GMD"), Group Executive Director ("GED"), Executive Director ("ED") and Key Senior Management of the operating units within the Group ("the Management") as well as its properly constituted Board Committees, namely Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. There is a clear segregation of duties and responsibilities reserved for the Board and those delegated to the Management.</p> <p>The Board Committees operate within their respective clearly defined terms of reference to assist in the effective functioning of the Board. The respective Board Committees' function, terms of reference and the authority delegated by the Board are reviewed from time to time to ensure they remain relevant and up to date whilst the roles and responsibilities of the Board are set out in the Board Charter.</p>

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

## Intended Outcome

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

### Practice 1.2

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, Tan Sri Dato' Ir. Hj. Zaini Bin Omar is responsible for the leadership, effectiveness, conduct and governance of the Board. The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter.</p> <p>The responsibilities of the Chairman, amongst others, are as follows:</p> <ul style="list-style-type: none"> <li>i. To provide leadership to the Board.</li> <li>ii. To oversee the effective discharge of the Board's supervisory role.</li> <li>iii. To facilitate the effective contribution of all Directors.</li> <li>iv. To conduct and chair Board Meetings and General Meetings of the Company.</li> <li>v. To manage Board communications and Board effectiveness and effective supervision over Management.</li> <li>vi. To ensure that quality information to facilitate decision-making is delivered to the Board on a timely manner.</li> <li>vii. To ensure Board Meetings and General Meetings are conducted/held in compliance with good conduct and best practices.</li> <li>viii. To promote constructive and respectful relations between Board members and between the Board and the Management.</li> <li>ix. To jointly represent the Company together with the GMD to external groups such as shareholders, creditors, consumer groups, local communities and federal, state, and local governments.</li> </ul>
<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>	:		
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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 positions of the Chairman and GMD have always been held by different individuals. There is a clear division of responsibilities between the two roles to ensure that there is an appropriate balance of power and authority, which is clearly defined in the Board Charter.</p> <p>Currently, Tan Sri Dato' Ir. Hj. Zaini bin Omar is our Independent Non-Executive Chairman who ensures the integrity and effectiveness of the governance process of the Board while the position of GMD is held by Mr. Cheah Ham Cheia who focuses on the business, organisational effectiveness and day-to-day management of the Group and actively reports, clarifies and communicates matters to the Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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 an experienced and competent Company Secretary who is qualified to act under Section 235(2) of the Companies Act 2016 and is a member of the Malaysian Association of Companies Secretaries (MACS). She possesses over 25 years of experience in corporate secretarial practices.</p> <p>The Company Secretary and her team have been able to competently provide sound advice to the Board on matters relating to the powers, roles and responsibilities of Directors, compliance with corporate law, listing requirements and the Malaysian Code on Corporate Governance ("MCCG"). The Company Secretary also support the Board and the relevant Board Committees to ensure their effective functioning in accordance with their terms of reference, Board Charter and best practices.</p> <p>The Company Secretary also has conducted the following briefings to update the Board on changes in the regulatory requirements to ensure correct procedures are followed and the Company remains compliant with the relevant rules and regulatory requirements: -</p> <ul style="list-style-type: none"><li>• 22 April 2019 – Key Amendments to Listing Requirements arising from the Companies Act 2016</li><li>• 29 May 2019 – Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") relating to Continuing Disclosure Obligations and other amendments</li></ul> <p>The Company Secretary has and will continue to constantly keep herself abreast on matters concerning company law, corporate governance, and with changes in the regulatory environment through continuous training and industry updates.</p> <p>Overall, the Board is satisfied with the service and support rendered by our Company Secretary to the Board in the discharge of her functions.</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>To facilitate the Directors' time planning, the annual Board and Board Committees' meetings calendar was prepared in advance for each new calendar year by the Company Secretary. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the Annual General Meeting ("AGM"). The closed periods for dealings in securities by Directors and Principal Officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.</p> <p>Except in the case of an emergency, the notices of meetings and meeting papers are generally circulated to the Board members at least five (5) working days prior to the dates of meetings. This is to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or to consult independent advisers (if necessary) and to make an informed decision at each Board meeting.</p> <p>The deliberations and conclusions of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes of which is circulated for the Board and Committee Chairman's review within a reasonable timeframe after the meeting. The minutes of meeting accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.</p> <p>All the records of proceedings and resolutions passed are kept at the registered office of the Company.</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**

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 serves as a reference and primary induction literature providing all Board members and Management insights into the fiduciary and leadership functions of the Board.</p> <p>The Board Charter is subject to be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.</p> <p>The Board Charter is available at the Company's website, <a href="http://www.gdbhb.com.my">www.gdbhb.com.my</a>.</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

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 acknowledges that working with a strong sense of integrity is essential to achieve the Group's business goal in an open, honest, ethical and principled manner.</p> <p>The Board has adopted a Code of Ethics and Conduct which is incorporated in the Board Charter of the Company.</p> <p>All Directors and employees of the Group must endeavour to observe the Code of Ethics and Conduct which provides guidance as to the ethical conduct to be complied to uphold the principles of honesty and integrity as well as to ensure a high standard of ethical and professional conduct is upheld in the performance of their duties and responsibilities.</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 adopted a Whistle Blowing Policy to provide avenue for all employees of the Group and members of the public to raise concerns and disclose any improper conduct within the Group and to take appropriate actions to resolve them effectively.</p> <p>The Whistle Blowing Policy is available at the Company's website at <a href="http://www.gdbhb.com.my">www.gdbhb.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

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>	:	<p>The Board currently has six (6) members comprising one (1) GMD, one (1) GED, one (1) ED and three (3) Independent Non-Executive Directors. Hence, the Board is in compliance with Rule 15.02 of the Listing Requirements of Bursa Securities which requires at least two (2) Directors or one-third (1/3) of the Board members are Independent Directors.</p> <p>The Board composition also is in line with this Practice 4.1 of the MCGG of having at least half of the Board comprising Independent Non-Executive Directors.</p> <p>Such composition is able to provide independent and objective judgement to facilitate a balanced leadership in the Company as well as providing effective check and balance to safeguard the interest of the minority shareholders and other stakeholders, and ensuring high standards of conduct and integrity are maintained.</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

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> :	



## 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 Group practices non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, in the selection of Board members and Key Senior Management.</p> <p>The Nomination Committee (“NC”) is responsible to lead the process for the nomination of new Board appointments and making the necessary recommendations.</p> <p>In line with the best practices of the MCCG and boardroom diversity as an important element of a well-functioned organisation, the appointment of Board members is reviewed by the NC and made via a formal and transparent process. The NC shall consider and recommend suitable candidate for the Board, in terms of appropriate balance of skills, expertise, attributes and core competencies, taking into consideration the character, gender, experience, integrity, competence and time commitment.</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

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 has adopted a Gender Diversity Policy on 23 November 2018 which sets out the approach to diversity on the Board level.</p> <p>The Board Diversity Policy does not set any specific target on the composition in terms of gender, age or ethnic of the Board members. However, the Board is well represented by individuals drawn from distinctly diverse professional backgrounds. The evaluation of the suitability of candidates as the new Board member is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company.</p> <p>The Company is not classified as "Large Company". However, the Board currently has one (1) female Director which represents 16.7% of the Board members, reflects the Board's commitment towards achieving a more gender diversified Board.</p> <p>The Board is committed to provide fair and equal opportunities within the Group and acknowledges the importance of boardroom and workplace diversity. The Group is committed to workplace diversity and that the workplace is fair, accessible, inclusive and free from discrimination.</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

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 NC of the Company is responsible to recommend to the Board the suitable candidates for new appointments to the Board.</p> <p>The policies and procedures for recruitment and appointment of Directors are guided by the Terms of Reference of the NC.</p> <p>The NC leverages on various sources and gain access to a wider pool of potential candidates. Besides the recommendation from the existing Board members, Management and/or major shareholders, the NC is open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</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

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>	:	Mdm. Kow Poh Gek, is the Independent Non-Executive Director and she is the chairperson of the NC.	
<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 NC has a formal assessment criterion to assess the effectiveness of the Board and Board Committees as a whole and the contribution of each individual Director. All assessments and evaluations carried out by the NC in the discharge of all its functions are documented.</p> <p>The annual evaluation is internally facilitated by the Company Secretary. The process involves individual Directors and Committee members completing the evaluation questionnaires collectively or individually, regarding the processes of the Board and the Board Committees, their effectiveness and areas where improvement could be considered.</p> <p>In the annual assessment of individual Directors by the NC, the skills and experience of individual Directors are reviewed to ensure the composition of the Board is appropriate with a good mix of skills and core competencies in order to discharge its duties and responsibilities and to meet the business needs of the Group.</p> <p>The Board is satisfied with the results of the annual assessment. The Board views that the current size and the existing composition of the Board are sufficient and well balanced, cater effectively to the scope of the Group's operations and there is appropriate mix of knowledge, skills, attributes and core competencies in the Board. As presently constituted, the Board has the stability, continuity and commitment as well as capacity to discharge its responsibilities effectively.</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

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 had, through the Remuneration Committee ("RC"), established formal and transparent Remuneration Policy to attract and retain Directors and Key Senior Management of the Company. The Remuneration Policy is available at the Company's website at <a href="http://www.gdbhb.com.my">www.gdbhb.com.my</a>.</p> <p>The remuneration of the GMD, GED and ED is structured so as to link rewards to corporate and individual performance in order to attract, retain and motivate the GMD, GED and ED to manage the Group successfully.</p> <p>Non-Executive Directors will be paid based on fixed fees commensurate with their responsibilities in the Board and Board Committees and their attendance at the meetings, subject to approval from shareholders. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.</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

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 a RC which comprised exclusively of Independent Non-Executive Directors.</p> <p>The RC reviews and recommends to the Board annually the Board's remuneration package and/or reward payments that reflect their respective contributions for the year, achievement of each division's goals and/or quantified organisational targets as well as strategic initiatives set at the beginning of each year.</p> <p>Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.</p> <p>The RC is governed by written Terms of Reference and is available at the Company's website, <a href="http://www.gdbhb.com.my">www.gdbhb.com.my</a>.</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

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 detailed disclosure of the Directors' remuneration received during the financial year ended 31 December 2019 on named basis as recommended by the MCCG is disclosed in the Corporate Governance Overview Statement ("CG Statement") in the Annual Report 2019.	
<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>	:	<p>Due to confidentiality and sensitivity of the remuneration package of Key Senior Management as well as security concerns, the Board opts not to disclose the Key Senior Management's remuneration components on named basis in the bands of RM50,000.</p> <p>The Board is of the view that the disclosure of the Key Senior Management's remuneration components would not be in the best interest of the Company given the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues. The Board is of the opinion that the disclosure of Key Senior Management's aggregated remuneration on unnamed basis in the bands of RM50,000 in the Annual Report 2019 is adequate.</p>
<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**

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 Audit Committee ("AC") is chaired by Mdm. Kow Poh Gek, who is an Independent Non-Executive Director, and she 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 AC Members were former key audit partners.  The policy on observation of a cooling-off period of at least two (2) years for a former key audit partner prior to the appointment as a member of AC, had been incorporated in the Terms of Reference of the AC.  The Terms of Reference of the AC is available at the Company's website at <a href="http://www.gdbhb.com.my">www.gdbhb.com.my</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board had on 16 March 2018 established the External Auditors Assessment Policy ("the Policy") together with an annual performance evaluation form. The Policy outlines the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of the External Auditors.</p> <p>The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.</p> <p>The External Auditors had declared and confirmed that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The AC had carried out annual performance assessment of the External Auditors and the Executive Directors and the Chief Financial Officer were invited to join the assessment.</p> <p>The annual evaluation form provides a checklist for the AC to carry out a formal review of the independence, effectiveness and efficiency of the External Auditors of the Company.</p> <p>The Board, upon the recommendation of the AC, had recommended the re-appointment of the External Auditors for the financial year ending 31 December 2020 for shareholders' approval at the forthcoming AGM.</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**

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>	:	All the members of the AC are Independent Non-Executive Directors.



## Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 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 AC members possess the necessary skills and knowledge to discharge their duties in accordance with the Terms of Reference of the AC. The AC Chairman and all of its members are financially literate and they are able to understand matters under the purview of the AC including the financial reporting process.</p> <p>The AC members are able to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p> <p>During the financial year under review, all members of the AC have undertaken continuous professional development to keep themselves abreast of relevant development in accounting and auditing standards, practices and rules. The details of their trainings are set out in the CG Statement of the Annual Report 2019.</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 9.1

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>The Group has in place a structured risk management and internal control framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an on-going basis.</p> <p>The Board acknowledges its responsibilities in the risk governance and oversight functions by the Risk Management Committee ("RMC") which reviews the effectiveness of risk management framework and overall risk exposure to the Group. The RMC was formed to assist the Board in maintaining a sound system of internal controls in line with step-up practice set out in the MCCG.</p> <p>Details of the Group's risk management and internal control framework are set out in the Statement of Risk Management and Internal Control of the Annual Report 2019.</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>The RMC is responsible to perform a periodic review, assessment and update of the Risk Register during the RMC meetings. The RMC is required to identify major business and compliance risks concerning their respective business units, oversees and ensures integration of risk management into their business processes to safeguard the interest of the Group.</p> <p>The identified risks are assessed and rated from low, moderate, high to significant depending upon the severity of consequence and the likelihood of its occurrence and financial impact on the Group's cash flow and profit. Independent Internal Auditors were also requested by the RMC to conduct independent review on whether the Management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of the key risks of the Group; whether appropriate action is taken by the Management to mitigate the key risks; and to ensure the Group maintains an effective system of governance, risk management and internal control supporting its achievement and strategic objectives.</p> <p>The Board through AC reviewed the Group' internal control function based on the audit reviews carried out by the outsourced Internal Auditors.</p> <p>Details of the Group's risk management and internal control framework are set out in the Statement of Risk Management and Internal Control of the Annual Report 2019.</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 9.3 - Step Up

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The RMC comprise a majority of Independent Non-Executive Directors and its scope and function are set out in the Terms of Reference which is available at the Company's website at <a href="http://www.gdbhb.com.my">www.gdbhb.com.my</a> .

## 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 had on 16 March 2018 established the Internal Auditors Assessment Policy together with an annual performance evaluation form. The Policy outlines the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of the Internal Auditors.</p> <p>The Internal Auditors are precluded from providing any services that may impair their independence or conflict with their role as Internal Auditors.</p> <p>The AC shall carry out annual performance assessment of the Internal Auditors and may request the GMD, GED and ED together with Chief Financial Officer to provide feedback / inputs for conducting the assessment.</p> <p>The annual evaluation form provides a checklist for the AC to carry out a formal review of the independence, effectiveness and efficiency of the Internal Auditors of the Company.</p> <p>To ensure that the responsibilities of Internal Auditors are fully discharged, the AC evaluated the performance of the Internal Auditors for the financial year ended 31 December 2019 upon such evaluation criteria as set out in its Internal Auditors Annual Assessment Form, amongst others, the following were some of the criteria reviewed by the AC: -</p> <ul style="list-style-type: none"><li>a. Adequacy of resources and experience of the internal audit firm;</li><li>b. Quality processes of the internal audit firm;</li><li>c. Competency of the engagement team;</li><li>d. Governance and independence;</li><li>e. Internal audit fee, scope and planning; and</li><li>f. Internal audit reports and communications.</li></ul> <p>The AC concluded its assessment that the Internal Auditors have sufficient experience and resources to satisfy their Terms of Reference and adequately deliver the quality services to the Company and its subsidiary.</p>

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

## Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit function is outsourced to Sterling Business Alignment Consulting Sdn. Bhd. (“Sterling”), a third party professional internal audit service firm which is independent of the operations and activities of the Group. The engagement team from Sterling are free from any relationship or conflict of interest, which could impair their objectivity and independence.</p> <p>The number of audit staff deployed by Sterling for each internal audit review ranges from 3 to 4 Internal Auditors per visit. Sterling is a corporate member of the Institute of Internal Auditors Malaysia (IIAM). Different lead Internal Auditors is assigned to conduct each internal audit review, depending on the scope of the review.</p> <p>The Internal Auditors use the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control system.</p> <p>The internal audit function is carried out in accordance to the International Professional Practices Framework set by the Institute of Internal Auditors to ensure that internal audit staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review.</p> <p>The AC was satisfied with the competency, experience and resources of the internal audit function for discharging their roles and responsibilities.</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

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 is committed to provide effective and transparent communication to its stakeholders and general public in a timely and equitable manner.</p> <p>Quarterly reports, announcements, annual reports and circulars serve as the primary means of dissemination of information so that the stakeholders are constantly kept abreast of the Group's progress and development. The Company continuously leverages on information technology to broadly and effectively disseminating information to its stakeholders and general public.</p> <p>The Company's website at <a href="http://www.gdbhb.com.my">www.gdbhb.com.my</a> provides corporate information of the Company and is accessible to the public. The Investor Relations function enhances the communication with its stakeholders and provides a channel for the stakeholders and general public to direct their enquiries and concerns to the Company.</p> <p>Another key avenue of communication with its shareholders is the Company's AGM, which provides a useful forum for dialogue with shareholders where they may raise questions and concerns or seek clarifications on the Company's business and reports from the Company's Directors.</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

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>	:	<p>The Company is not required to comply with this requirement as it is not a large company.</p> <p>Corporate information is disseminated via the Company's website and announcements are published on the website of Bursa Malaysia Securities Berhad. At present, the Board is of the view that the Company's Annual Report is comprehensive enough for stakeholders to make informed decisions.</p> <p>The current Annual Report provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including future prospects. Components such as the Management and Discussion Analysis, CG Statement, Statement on Risk Management and Internal Control, as well as the Sustainability Statement, form an integral part of the non-financial information.</p> <p>Once the non-financial reporting practices is adequate and able to comply with global recognised integrated reporting standards, the Company will implement this as soon as it is practicable.</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

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>	:	The notice for convening the forthcoming 7 <sup>th</sup> AGM of the Company to be held on 16 June 2020 was sent to the shareholders on 18 May 2020, which is at least 28 days before the date of 7 <sup>th</sup> 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 12.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All the Directors of the Company were present at the 6<sup>th</sup> AGM of the Company held on 13 June 2019.</p> <p>During the proceedings of the 6<sup>th</sup> AGM, the Chairman invited shareholders to raise questions pertaining to the Company's audited financial statements and other agendas tabled for approval at the meeting. All questions raised by the shareholders were answered and addressed accordingly.</p> <p>All the Directors of the Company will always endeavour to attend all general meetings and the Chairman of the Board Committees will provide meaningful response to questions addressed to them.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board ensures that the location of the general meeting is easily accessible to the shareholders of the Company. The 6<sup>th</sup> AGM in 2019 was held at Tropicana Golf &amp; Country Resort, Petaling Jaya, a venue that was accessible by its shareholders. Shareholders whom unable to attend the AGM were encouraged to appoint his/her/its proxy/proxies to attend and vote at the AGM.</p> <p>Nonetheless, the Company will hold its upcoming 7<sup>th</sup> AGM on fully virtual and entirely via remote participation and voting. This allows the shareholders to participate in the AGM while at the same time, followed the health guidance issued by the Government of Malaysia of not having mass gathering and practicing social distancing to curb the spread of coronavirus (“COVID-19”) disease. The conduct of meeting by way of fully virtual also strongly encouraged by the Securities Commission Malaysia.</p> <p>The virtual 7<sup>th</sup> AGM is in compliance with the Company’s Constitution, Companies Act 2016 and other legal requirements.</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>	:	

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

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

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