

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the “Board”) recognizes the importance of good corporate governance and is committed to uphold the value of good corporate governance is practiced throughout the Company and its subsidiaries (“the Group”) by continuously advocating transparency, accountability, integrity and responsibility with the ultimate objective to protect and enhance long term shareholders’ values and the financial performance of the Group.

As required under the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), this Corporate Governance Overview Statement reports on how the Company has applied the Principles and Practices to the extent of compliance with the recommendations of good corporate governance as set out in the Malaysian Code on Corporate Governance (“MCCG”) throughout the financial year ended 31 December 2019 (“the Year” or “2019”) and up to the date of this Annual Report. This statement is to be read together with Corporate Governance Report 2019 based on a prescribed format as outlined in Paragraph 15.25(2) of the Listing Requirements, which can be downloaded from MHB’s website at [www.majuperak.com.my](http://www.majuperak.com.my) or from Bursa Securities’ website.

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

### **Board Charter**

The Company has formalised a Board Charter which clearly set out the composition, roles and responsibilities of the Board and Board committees and the processes and procedures for convening their meetings. The Board Charter serves as a reference providing prospective and existing members of the Board and management insight into the fiduciary duties of directors.

In promoting good governance practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures, full details of which will be made available on the Company’s website:

- Code of Business Conduct and Ethics (approved on 20 May 2020)
- Whistleblowing Policy and Procedures
- Sustainability Policy
- Anti-Bribery and Corruption Policy (approved on 20 May 2020)

The Board reviews the Board Charter on a regular basis and the last reviewed was on 2 March 2020 to ensure it is up to date with the changes in Listing Requirements, other relevant regulations and best practices and ensure its effectiveness and relevance to Board’s objectives. The Board Charter is available at the Company’s website at [www.majuperak.com.my](http://www.majuperak.com.my).

### **Principal Roles**

The Company is led by an experienced and dynamic Board. The Directors together as a team set values and standards of the Company and ensure that the Group’s business is properly managed to safeguard the Group’s assets and shareholders’ interests. The Board assumes full responsibility for the oversight and overall management of the Company.

### Roles and Responsibilities

The Board's principal focus is the overall strategic direction, development and control of the Group. In support of this focus, the Board maps out and reviews the Group's medium and long term strategic plans on a basis, so as to align the Group's business directions and goals with the prevailing economic and market conditions.

The Board considers all aspects of the operations of the Group and particularly in the following areas:

- Reviewing the management's performance and ensures that necessary financial and human resources are available to meet the Group's objectives;
- Overseeing the conduct of the business of the Group;
- Review the yearly and quarterly financial result; capital budgets and regularly monitors their progress throughout the year, using appropriate financial indicators and industry benchmarks;
- Succession planning for senior management;
- Identifying and putting in place systems to manage any principal risk;
- Reviewing the adequacy and integrity of the management information and internal control system.

Management manages the day-to-day operations in accordance with a Limit of Authority with clearly defined authority limits for capital expenditure, operating expenditure, contract awards, safeguarding of assets, business decision activities, segregation of duties and other significant transactions, among others. Defined authority limits continue to be closely monitored in response to prevailing market conditions.

### Separation of Chairman and Group CEO

The role of the Executive Chairman, Encik Mohd Ariff Bin Yeop Ishak and the Group CEO, Encik Nizran Bin Noordin are separated with clear distinction of responsibility between them. The role of the Chairman is to focus on governance and compliance and ensure the smooth and effective functioning of the Board. His duties include providing leadership for the Board, ensuring the Board carries out its responsibilities in the best interest of the Company and that all the key issues are discussed in a timely manner. The Chairman is also tasked with facilitating active discussion and participation by all Directors and ensuring that sufficient time is allocated to discuss all relevant issues at the Board meetings. Whereas the Group CEO serves as the conduit between the Board and the Management in ensuring the success of the Group's governance and management function. The Group CEO has the responsibility for day-to-day running of the business and implementation of Board's policies, strategies and decisions adopted by the Board.

### Board Meetings

The Board meets on a quarterly basis and additional meetings were convened and held when specific urgent or important matters are required to be considered and decided between the scheduled meetings. During the financial year, the Board met seven (7) times i.e. 28 February 2019, 24 April 2019, 21 May 2019, 26 June 2019, 27 August 2019, 17 October 2019 and 28 November 2019 where the Board deliberated and considered a variety of matters including the Group's financial results, budget and strategy, corporate proposals and strategic issues that affect the Group's business operations.

All the Directors have complied with the minimum attendance at Board Meetings as stipulated by Bursa Securities during the financial year.

### Access to Information and Advice

The Board had unrestricted access to timely and accurate information, necessary in the furtherance of their duties. In carrying out their duties, the Directors have complete access to all staff for information pertaining to the Group's affair. The Directors have full access and dedicated support services of the Company Secretary, Independent Professional Advisers, and Internal/External Auditors in appropriate circumstances at the Company's expense, if required to ensure effective functioning of the Board. The Directors may also interact directly with, or request further explanation, information and updates on any aspect of the Company's operations or business concerns from the Management.

The Board and Board Committees meetings are planned in advance prior to the commencement of a new calendar year and the schedule is circulated to the Directors and Committee members well in advance to enable them to plan ahead. Board members are given at least seven (7) days' notice before any Board meeting is held. The agenda for each Board meeting and papers relating to the matters to be deliberated at the meeting are forwarded to all Directors at least five (5) days before the Board meeting. The Board papers are comprehensive covering agenda items to facilitate informed decision-making. In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation at next Board meeting.

The Board also peruses the decisions deliberated by Board Committees through minutes of these Committees. The Chairman of the Board Committees is responsible to inform the Directors at Board meeting of any salient matters noted by the Committees and which require the Board's notice or direction. All proceedings of Board meetings are minuted and signed by the Chairman of the meeting in accordance with the provisions of Companies Act, 2016.

The Directors are notified of any corporate announcements released to Bursa Securities. They are also notified of the impending restriction in dealing with the securities of the Company at least thirty (30) days prior to the targeted released date of the quarterly financial results announcement.

### Board Composition

The Group is helmed by an effective and experienced Board comprising individuals of caliber and credibility from diverse professional backgrounds with a wealth of experience, skills and expertise which are crucial for the Board to function effectively.

The Board currently comprises seven (7) members, two (2) Non-Independent Directors, namely Executive Chairman and Executive Director cum Group CEO and a strong presence of five (5) Independent Non-Executive Directors. The presence of a majority of Independent Non-Executive Directors provides an effective check and balance in the functioning of the Board which is in compliance with paragraph 15.02 of Bursa Securities Listing Requirements. The Independent Directors which make up more than half the Board play a crucial role in the exercise of independent assessment and objective participation in Board deliberations and decision-making process.

The Board is of the view that the composition is well balanced, representing both the majority and minority shareholders' interests and complies with the Listing Requirements whereby majority of the Board comprises of Independent Directors. The Independent Directors provide the Board with professional judgement, experience and objectivity without being subordinated to operational considerations. In addition, they also ensure that the interests of all shareholders, and not only the interest of a particular fraction or group are indeed taken into account by the Board in its decision-making process.

The Board Charter provides that the Board should consist of qualified individuals with diverse experiences, backgrounds and perspectives. The Constitution of the Company provides a minimum of two (2) and a maximum of eleven (11) Directors. The composition and size of the Board should be such that it facilitates the making of informed and critical decisions without limiting the level of individual participation, involvement and effectiveness.

The Board believes that the current Board composition provides the appropriate balance in terms of skills, knowledge and experience in the fields of developer operations, finance and accounting, legal, information technology, project management, engineering and general experience in management. This combination of different professions and skills working together enables the Board to promote the interests of all shareholders and to govern our Group effectively.

With regards with gender diversity in the Board's composition, none of the directors is a female. Notwithstanding this, the Board will continuously review the composition of the Board and source for suitable directors considering the diversity in business background, area of expertise, skills, educational background, gender, ethnicity as well as others factors that might provide the Board with a broader range of viewpoints and perspective.

### Appointment to the Board and Re-election of Directors

In accordance with the Company's Constitution, all directors who were appointed by the Board are subject to re-election at the first opportunity after their appointment and at least one third of the remaining directors are subject to re-election by rotation at each Annual General Meeting ("AGM"). The Constitution also provide that all directors shall retire at least once in every three (3) years.

The proposed appointment of new Board members as well as the proposed re-election/re-appointment of existing Directors who are seeking re-election/re-appointment at the Annual General Meeting are first considered and evaluated by the Nomination Committee (NC). For the purpose of determining the eligibility of the Directors to stand for re-election at the AGM, the NC had also conducted an annual review of the performance of the Board to ensure that it is continuously effective.

The review conducted via a set of questionnaires to assist the reviewer in his assessment is spread over the following three (3) key areas:

- The performance and contribution of each of the Directors based on their self and peer assessment results of the Board Effective Evaluation;
- The assessment of the individual Director's level of contribution to the Board through each of their skills, experience and strength in qualities and
- The level of independence demonstrated by each of the Non-Executive Directors (NED) and his ability to act in the best interest of the Company in decision making, to ensure that the Non-Executive Directors were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interest of the Company.

Upon its evaluation, the NC will make recommendations on the proposal(s) to the Board for approval, taking into account the Director's attendance at meetings, participation, contribution and time commitment. The Board makes the final decision on the proposed appointment or re-election/re-appointment to be presented to shareholders for approval as follows:

- Two Directors namely, Mohd Ariff Bin Yeop Ishak and Ahmad Najmi Bin Kamaruzaman will be retiring in accordance with Clause 15.2 of the Company's Constitution and being eligible had offered themselves for re-election as Directors of the Company at the forthcoming AGM to be held soon. At the recommendation of the NC and as approved by the Board, they will be seeking for re-election as Directors at the 2020 AGM.
- Two newly appointed Directors, namely Encik Nizran Bin Noordin and Encik Khairul Nizam Bin Tajul Hasnan who were appointed during the year will be retiring in accordance with Clause 15.9 of the Company's Constitution and being eligible, had offered themselves for re-election as Directors of the Company at the forthcoming AGM to be held soon.

### **Tenure of Independent Directors**

The Board does not have term limits for Independent Directors. However, in line with the recommendation of the Code, the Company follows the guidelines which provide a limit of a cumulative term of nine (9) years on the tenure of the independent directors unless extended by shareholders. None of the existing Independent Directors has exceeded cumulative term of nine (9) years tenure.

### **Directors' Training and Development**

The Board acknowledges the importance of continuous education and training broaden one's perspective and to keep abreast with the current and future developments in the industry and global markets, regulatory updates as well as management strategies to enhance the Board's skills and knowledge in discharging their duties. An orientation program is initiated for newly appointed Directors who have attended the Mandatory Accreditation Programs prescribed by Bursa Securities.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

All Directors attended at least one training / seminar during the financial year ended 31 December 2019. The details are as follows:

Directors	Programs	Date / Organizer
Mohd Ariff Bin Yeop Ishak	Corporate Liability Amendment Act 2018 The potential risks faced by Directors and Senior Officers	30 October 2019 / PIRSB Ipoh
Y.B. Leong Cheok Keng	Comprehending Financial Statements for Directors and Senior Management	28 June 2019 / Bursatra Sdn Bhd KL
	Corporate Liability Amendment Act 2018 The potential risks faced by Directors and Senior Officers	30 October 2019 / PIRSB Ipoh
Ir. Megat Shariffudin Bin Ibrahim	Comprehending Financial Statements for Directors and Senior Management	28 June 2019 / Bursatra Sdn Bhd KL
	Corporate Liability Amendment Act 2018 The potential risks faced by Directors and Senior Officers	30 October 2019 / PIRSB Ipoh
Y.B. Muhamad Arafat Bin Varisai Mahamad	Comprehending Financial Statements for Directors and Senior Management	28 June 2019 / Bursatra Sdn Bhd KL
Ahmad Najmi Bin Kamaruzaman	Comprehending Financial Statements for Directors and Senior Management	28 June 2019 / Bursatra Sdn Bhd KL
	Corporate Liability Amendment Act 2018 The potential risks faced by Directors and Senior Officers	30 October 2019 / PIRSB Ipoh
Amran Bin Alang Ahmad (Resigned on 17 June 2020)	Comprehending Financial Statements for Directors and Senior Management	28 June 2019 / Bursatra Sdn Bhd KL
	Corporate Liability Amendment Act 2018 The potential risks faced by Directors and Senior Officers	30 October 2019 / PIRSB Ipoh

### **BOARD COMMITTEES**

The Nomination Committee of the Company comprises entirely of Non-Executive Directors, as follow:-

#### **Nomination Committee (NC)**

1. Ahmad Najmi Bin Kamaruzaman – Chairman  
*Independent, Non-Executive Director*
2. Y.B. Muhamad Arafat Bin Varisai Mahamad  
*Independent, Non-Executive Director*
3. Ir. Megat Shariffudin Bin Ibrahim  
*Independent, Non-Executive Director*

The role of the NC is set out in its terms of reference and available for reference on the Company's website at [www.majuperak.com.my](http://www.majuperak.com.my).

The NC meets at least once in a financial year and wherever required. The NC met twice during the financial year i.e. 28 February 2019 and 17 October 2019, and undertook the following activities:

- Discussed and recommended the appointment of New Group CEO and also reviewed the proposal to re-designate the Managing Director to Executive Chairman due to change of role;
- reviewed the mix of skills, independence, experience and other qualities of the Board;
- reviewed the retirement by directors by rotation for re-election, the directors eligible for re-election and the retention of directors who have served beyond nine (9) years as independent directors, and assess and recommend to the Board on their eligibility for re-election, re-appointment or retention;
- reviewed the terms of office and performance of the Audit Committee and each of its members annually;
- assessed the independence of the Independent Directors;
- reviewed the trainings and seminars attended by the directors and evaluate the continuing education programmes and training needs for individual directors;
- reviewed the annual assessment of the effectiveness, composition and balance of the Board as well as the effectiveness of the Committees and contribution of each individual directors using the following criteria:
  - Audit Committee, Remuneration Committee & Risk Management Committee
    - i) Quality and Composition;
    - ii) Skills and Competencies; and
    - iii) Meeting Administration and Conduct
  - Board of Directors
    - i) Board Structure;
    - ii) Board Operations; and
    - iii) Board Roles and Responsibilities

The Director who is subject to re-election and/or re-appointment at the next Annual General Meeting is assessed by the NC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the NC are based on the yearly assessment conduct.

The NC, having conducted an annual assessment of the Board and its individual members, the Audit Committee and its members, and the NC was satisfied with the current board size and the effectiveness of the Board/Board Committees and thus, no recommendation on the change of composition of the Board is made. The Board is also of the opinion that the NC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions as listed in the Terms of Reference of the NC. The assessment and evaluation were properly documented.

### **Remuneration Committee (RC)**

The RC comprises two Non-Executive Directors and one Executive Director, as follows: -

1. Khairul Nizam Bin Tajul Hasnan – Chairman  
*Independent, Non-Executive Director (Appointed on 25 June 2020)*
2. Y.B. Leong Cheok Keng  
*Senior Independent, Non-Executive Director*
3. Ahmad Najmi Bin Kamaruzaman  
*Non-Independent, Executive Director*
4. Amran Bin Alang Ahmad – Chairman  
*Independent, Non-Executive Director (Resigned on 17 June 2020)*

The RC reviews the remuneration package, terms of employment, benefits and reward structure of the Executive Directors, the Managing Director and/or Group CEO and other Senior Management, reviewed the fees and benefits payable to Non-Executive Directors and makes the necessary recommendations for the decision of the Board. Meetings of the RC are held as and when necessary, at least once a year. The RC met thrice during the year i.e. 28 February 2019, 27 August 2019 and 17 October 2019, and discussed amongst others, the remuneration of Group CEO and Chief Financial Officer.

### **MANAGEMENT COMMITTEE**

#### **Employees' Share Option Scheme ("ESOS") Committee**

An ESOS Committee was duly implemented with effect from 6 March 2020 pursuant to Paragraph 6.43 of the Bursa Securities Listing Requirement. The ESOS Committee was established and appointed by the Board to oversee the administration as well as to ensure proper implementation of ESOS according to the By-Laws of ESOS. The Company's Employees' Share Option Scheme ("the Scheme") would be in force for a period of five (5) years from the date of implementation with an option to extend for another period of up to a total of five years, unless being terminated by the Board.

The ESOS Committee had made the offer and the details of the vesting of options under the ESOS are set out on page 56 of this Annual Report.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

The Committee Members comprise of the following:

1. Nizran Bin Noordin – Chairman, the Group CEO
2. Ahmad Al Hadi Bin Abd Khalid – Member, Group CFO
3. Jamaliah binti Mustapha – Member, Head of Human Resources

### Directors' Remuneration

The Company rewards its employees and the Directors both Executive and Non-Executive with options under ESOS.

All Directors are paid Directors' fees as approved by the shareholders at the Annual General Meeting based on the recommendation of the Board. The determination of the level of fees of the Non- Executive Directors is a matter decided by the Board as a whole to ensure that it is sufficient to attract and retain the services of the Non-Executive Directors which are vital to the Company.

The RC also recommends to the Board the remuneration packages of Executive Chairman, Group Managing Director (if any) and/or Group CEO and it is the responsibility of the Board to approve the remuneration packages of Executive Director. In evaluating the Group CEO's remuneration, the RC takes into account the Group's financial performance and performance on a range of non-financial factors which reflects the level of risk, responsibility as well as performance of the Company and the industry norm.

The remuneration of the Directors of the Company served during the financial year ended 31 December 2019 is as follows:

Group/Company Name of directors	Fees RM	Salary RM	Other emoluments RM	Benefit-in- kind RM	Total RM
Mohamed Shafeii Bin Abdul Gaffoor (Non-Executive Chairman) Resigned as Director/Chairman on 1 November 2019	44,667*	-	-	-	44,667
Mohd Ariff Bin Yeop Ishak Executive Chairman (redesignated from Managing Director cum Group CEO on 1 November 2019) Appointed as Managing Director cum Group CEO on 1 March 2019. Prior to this he was appointed as the Executive Chairman on 28 August 2018	50,333*	312,000	-	-	362,333
YB Leong Cheok Keng	48,000	-	-	-	48,000
Amran Bin Alang Ahmad (Resigned on 17 June 2020)	48,000	-	-	-	48,000
Ir. Megat Shariffudin Bin Ibrahim	48,000	-	-	-	48,000
Y.B. Muhamad Arafat Bin Varisai Mahamad	48,000	-	-	-	48,000
Ahmad Najmi Bin Kamaruzaman	48,000	-	-	-	48,000

\* If approved by the shareholders at the forthcoming AGM, this amount is payable to the holding company, Perbadanan Kemajuan Negeri Perak (PKNP) in view that the individual is a nominee director of PKNP.

The disclosure of Directors' remuneration is made in accordance with the Malaysian Code of Corporate Governance.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

### Key Senior Management's Remuneration

The details of the remuneration of our Key Senior Management for Financial Year 2019 under each band of RM50,000 on a named basis are set out below:

Name	Total Remuneration	Remarks
Mohd Ariff Bin Yeop Ishak (Executive Chairman)	RM300,001 – RM350,000	<ul style="list-style-type: none"> <li>Appointed Director on 26 June 2018 and Executive Chairman on 28 August 2018.</li> <li>Appointed as Managing Director cum Group CEO on 1 Mac 2019.</li> <li>Redesignated as Executive Chairman on 1 November 2019</li> </ul>
Nizran Bin Noordin (Executive Director cum Group Chief Executive Officer)	RM1 – RM50,000	<ul style="list-style-type: none"> <li>Appointed Group Chief Executive Officer on 1 November 2019</li> </ul>
Ahmad Al Hadi Bin Abdul Khalid (Group Chief Financial Officer)	RM300,001 – RM350,000	
Abdul Karim Nast Bin Mohd Alias (General Manager, Land and Assets Management)	RM200,001- RM250,000	
Ku Adenan Bin Ku Ismail (General Manager, Property Development and Infrastructure)	RM200,001- RM250,000	
Kamarul Bahrin Bin Baharudin (General Manager, Strategic Business)	RM150,001 – RM200,000	<ul style="list-style-type: none"> <li>Promoted to General Manager, Strategic Business on 1 October 2019</li> </ul>
Salween Azila binti Ahmad Tauffik (Former Group CEO)	RM 50,000 – RM100,000	<ul style="list-style-type: none"> <li>Resigned on 1 March 2019</li> </ul>

### Corporate Integrity

The Board has formalised and adopted the Code of Ethics of Directors (the “Code”), which is based on the core principles of integrity, transparency, accountability and corporate social responsibility. The Code enables the Board and each Director to focus on areas of ethical risk, provides guidance to Directors to help them recognise and deal with ethical issues, provides mechanisms to report unethical conducts and helps foster a culture of honesty and accountability. It also serves as an avenue for any Director to channel any suspected violations of the Code to the Chairman of the Audit Committee (“AC”). Investigation will be carried out by the Board and appropriate action will be taken in the event of any violations of the Code.

Besides, the Group also adopted a Code of Conduct which sets standards for the employees within the Group to promote honest and ethical conduct, including the ethical handling of actual or apparent conflict of interest between personal and professional relationships in the workplace and to observe applicable rules, regulations and local laws.

The Board and all employees are committed to observe the highest standards of personal and corporate integrity when dealing within the Group and with external parties.

In addition to the above, the Company's Whistle Blower Policy (the "Policy") aims to maintain the highest level of corporate ethics within the Group. All employees of the Group have a professional responsibility to disclose any known malpractices or wrongdoings. The Board has the overall responsibility for overseeing the implementation of the Policy, and all whistleblowing reports are addressed to the Chairman of the AC (for matters relating to financial reporting, unethical or illegal conduct), and the GMD or Head of Human Resource Department (for employment-related concerns).

The Code of Ethics of Directors, Code of Conduct, Anti-Corruption and Bribery Policy and Whistle Blower Policy can be found on the Company's website at [www.majuperak.com](http://www.majuperak.com).

### **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**

The Group has delegated certain responsibilities to the Board Committees which operate within defined terms of reference approved by Board to assist the Board in discharging its fiduciary duties and responsibilities. The Board Committees include the Audit Committee, Risk Management Committee, Nomination Committee and Remuneration Committee.

The Board Committees exercise transparency and full disclosure in their proceedings. Where necessary, issues deliberated by the Board Committees are presented to the Board with the appropriate recommendations. The ultimate responsibility for the final decision on all matters however, lies with the Board.

#### **Audit Committee (AC)**

The Audit Committee comprises four (4) Independent Non-Executive Directors and is in compliance with the Listing Requirements.

The members are as follows:

1. Y.B. Leong Cheok Keng  
*Senior Independent Non-Executive Director – Chairman*
2. Ahmad Najmi Bin Kamaruzaman  
*Independent Non-Executive Director*
3. Ir. Megat Shariffuddin Bin Ibrahim  
*Independent Non-Executive Director*
4. Khairul Nizam Bin Tajul Hasnan  
*Independent Non-Executive Director (Appointed on 25 June 2020)*
5. Amran Bin Alang Ahmad  
*Independent Non-Executive Director (Resigned on 17 June 2020)*

A full report of the Audit Committee with a summary of the works performed during the financial year are set out in this Annual Report under the Audit Committee Report.

The AC assists the Board in its oversight of the Company's financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial reporting practices of the Group. The Chairman of the AC is not the Chairman of the Board.

The AC Charter requires a former key audit partner to observe a cooling off period of at least two (2) years before being appointed as a member of the AC.

The Audit Committee conducts a review of the Internal Audit Function in terms of its authority, resources and scope as defined in the Internal Audit Charter adopted by the Group.

More information on the AC and its activities for 2019 is contained on pages 48 to 52 of this Annual Report.

### **Assessment of Suitability and Independence of External Auditors (EA)**

The Audit Committee ("AC") had on 26 February 2020 deliberated the outcome of the annual assessment of the EA, which included an assessment of the engagement teams' qualifications, credentials and experience, particularly in the financial services sector, their audit work approach, and their ability to provide value added advice and services, as well as to perform the work within MHB Group's timeline.

The AC then decided to recommend for the Board's approval the re-appointment of Messrs. AljeffriDean PLT ("AljeffriDean") as external auditors of the Company for the financial year ending 31 December 2020. At the same time, the AC further undertook an annual assessment of the quality of audit, which encompassed the performance of the EA, AljeffriDean, and the quality of their communications with the AC and MHB Group, based on the feedback obtained via assessment questionnaires from MHB personnel who had regular contact with the external audit team, AljeffriDean throughout the year. The AC also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussion at private meetings, which demonstrated their independence, objectivity and professionalism. AljeffriDean had also confirmed their independence throughout the conduct of their audit engagement with MHB Group in accordance with the independence criteria set.

The AC was satisfied with the suitability of AljeffriDean based on their quality of service and sufficiency of resources provided to the Group, in terms of the firm and the professional staff assigned to the audit. The AC was also satisfied in its review that the provision of non-audit services by AljeffriDean to the Company for the financial year ended 31 December 2019 did not in any way impair their objectivity and independence as external auditors of MHB and Group. Having regard to the outcome of the evaluations and the annual assessment of external auditors which supported the AC's recommendation on the suitability and independence of the external auditors, the Board approved the AC's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the appointment of AljeffriDean as external auditors of the Company for the financial year ending 31 December 2020.

A statement by the Directors on their responsibilities in preparing the financial statements is set out on page 62 of this Annual Report.

### Relationship with Auditors

The Company, through its Audit Committee, has established a transparent and appropriate relationship with the Company's auditors, both internal and external. It is the policy of the Audit Committee to meet the external auditors to discuss their audit plan, audit findings and the financial statements.

### Risk Management Committee

The members are as follows:

1. Ir. Megat Shariffuddin Bin Ibrahim  
*Independent Non-Executive Director – Chairman*
2. Mohd Ariff Bin Yeop Ishak  
*Non-Independent Executive Chairman*
3. Nizran Bin Noordin  
*Executive Director cum Group CEO (Appointed on 24 June 2020)*
4. Khairul Nizam Bin Tajul Hasnan  
*Independent Non-Executive Director (Appointed on 25 June 2020)*
5. Amran Bin Alang Ahmad  
*Independent Non-Executive Director (Resigned on 17 June 2020)*

The ultimate responsibility for ensuring a sound and effective internal control framework lies with the Board. The Board sets policies and procedures for internal control and oversees that the implementation of the internal control system is properly carried out by the Management to safeguard shareholders' investments and the Company's assets. The oversight of the Group and Company's risk management framework and policies is also embedded in the AC Charter.

The Board acknowledges that while the internal control system is devised to cater for particular needs of the Group and risk management, such controls by their nature can only provide reasonable assurance against material misstatements or loss.

During the Financial Year 2019, the Committee: -

- Reviewed risk management's resource requirements, scope, adequacy and activities;
- Reviewed the Group's strategic risks and provide feedback to Management on risks mitigation strategies and improvement on quarterly basis; and
- Reviewed the Group's divisional risk report and provision of feedback on the mitigation strategies and improvement on quarterly basis

The Board also acknowledges its overall responsibility in maintaining an internal control system that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations, as well as internal procedures and guidelines. However, the Group's system of internal control is designed to manage and not eliminate the risk of failure to achieve the Group's objectives, hence the internal control system can only provide reasonable and not absolute assurance against the risk of material errors, fraud or loss.

Further details of the Group and Company risk management and internal controls framework are as set out in the Statement on Risk Management and Internal Control on pages 28 to 33 of this Annual Report.

### **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANING FULL RELATIONSHIP WITH STAKEHOLDER**

#### **Communication with Shareholders**

The Board is committed to provide shareholders and investors accurate, useful and timely information about the Company, its business and its activities. The Company has regularly communicated with shareholders and investors in conformity with the disclosure requirements.

The Company's AGM remains the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's business and corporate development.

Notice of the AGM together with the Annual Report are sent out to shareholders at least twenty-eight (28) days before the date of meeting.

The Board encourages participation from shareholders by having a question and answer session during the AGM. The directors and the GCEO are available to provide responses to questions from shareholders during the meeting.

All resolutions set out in the notice of general meetings of the Company are to be conducted by poll and an independent scrutineer is appointed to monitor the conduct of polling for each general meeting.

At the AGM held on 26 June 2019, poll voting was conducted in respect of all resolutions by way of e-polling process and Boardroom Corporate Services Sdn. Bhd. was appointed as Scrutineers to verify the poll results. The outcome of the poll against the resolutions was announced at the same meeting and detailed results stating the votes cast were announced at Bursa's website on the same day of the AGM. A summary of the key matters discussed at the 2019 AGM was published on the Company's website at [www.majuperak.com.my](http://www.majuperak.com.my)

The Group ensures that timely disclosures are made to the public with regard to the Group's corporate proposals, financial results and other required announcement.

Corporate and financial information of the Group as well as the Company's announcements to Bursa Securities are also made available to the public through the Company's website at [www.majuperak.com.my](http://www.majuperak.com.my)

#### **Compliance with the Code**

The Group has complied with the Principles of Corporate Governance as contained in the Code except for the following exception that, in the opinion of the Directors, adequately suit the circumstances:

- Practice 4.5 (The Board discloses on 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);
- Practice 11.2 (Large Companies are encouraged to adopt integrated reporting based on a globally recognised framework;
- 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 Meeting).

The explanation for departure is further disclosed in the Corporate Governance Report.

This CG Overview Statement was approved by the Board of Directors of MHB on 25 June 2020.