

CORPORATE GOVERNANCE REPORT

STOCK CODE : 9385
COMPANY NAME : LAY HONG BERHAD
FINANCIAL YEAR : March 31, 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The major responsibilities of the Board which facilitate the discharge of the Board's stewardship in the pursuit of the best interest of the Company, are outlined in the Board Charter, which is available on the Company's website at www.layhong.com.my. ("Company's Website").</p> <p>In 2022, the Board has discharged its key fiduciary duties, leadership functions and responsibilities as summarised below: -</p> <ul style="list-style-type: none"> a) Review and approve strategic plans and key business initiatives; b) Oversee the conduct of the Group's business affairs and to evaluate whether the businesses are properly and effectively managed; c) Identify principal risks and ensure the implementation of appropriate systems and controls to manage these risks; d) Ensure that there are sound succession plans for Board and Senior Management teams; and e) Review the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. <p>Kindly refer to Corporate Governance ("CG") Overview Report in the 2022 Annual Report for further details on Board leadership.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board is led by the Executive Chairman, Dato' Yap Hoong Chai. He is responsible for leadership of the Board to ensure efficiency of the organisation and function of the Board. He facilitates the effective contribution of all Directors and promotes constructive and respectful relations between Board members and between Board and Management.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company does not appoint any Chief Executive Officer, the roles and responsibilities of the Chief Executive Officer is currently carried out by the Executive Chairman and Executive Directors. Their roles include the Group's management, business operations, corporate services function inter-alia, treasury, accounting, finance, human resources, and information technology.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Applied
Explanation on application of the practice	: The Chairman of the board is not a member of the Audit Committee ("AC"), Nominating Committee ("NC") or Remuneration Committee ("RC").
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>Lay Hong's Board is supported by an External Company Secretary. The Company Secretary is qualified to act as Company Secretary under Section 235 of the Companies Act 2016, of which is an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators. The Company Secretary provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, guidance and legislation.</p> <p>All Directors also have full and unrestricted access to the advice and services of the Company Secretary and may obtain independent professional advice at the Company's expense in order to discharge their duties effectively. The Board is regularly updated on new guidelines, directions and new regulatory issues affecting the Group by the Company Secretary as well as external consultants. The Company Secretary together with the Executive Directors assist the Chairman of the Board and Chairman of Board Committees to deal with the Board agenda and to provide the relevant information and documents to Directors on a timely basis. The Board is satisfied with the support and performance provided by the Company Secretary in assisting the Board to discharge its duties.</p> <p>The Board is of the view that the Company Secretary has been competent and kept themselves abreast with the evolving regulatory changes and developments through continuous education programmes and attendance of relevant conferences, seminars and training programmes.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>To facilitate the Directors' time planning, a pre-scheduled annual calendar of Board meetings is circulated and confirmed by the Board at the beginning of each calendar year to provide ample time for the Directors to plan their attendance.</p> <p>The notices of meetings and agenda are sent to the Directors electronically at least one week in advance and Board meeting papers are delivered to the Directors in hard copies at least three days prior to Board meetings. This enables the Directors to prior peruse the matters to be deliberated upon, and if necessary, further information are provided at the meeting for deliberation and informed decision making.</p> <p>The Board meeting papers include, among others, the following documents or information:</p> <ul style="list-style-type: none"> • Quarterly financial report and report on the Company's cash and borrowing positions; • Minutes of meetings of all Committees of the Board; • Current review of the operations of the Company; • Reports on Related Party Transactions and Recurrent Related Party Transactions; and • Directors' share-dealings. <p>All deliberations, discussions and decisions of the Board meetings were minuted and recorded accordingly. All proceedings of Board meetings were signed by the chairman of the meeting concerned or the chairman of the next meeting.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter of the Company documents the policies that the Board has decided upon to discharge its responsibilities, including good governance and leadership. The Board Charter also serves as a primary reference and part of the induction literature, providing insights to prospective and existing Board members.</p> <p>This is to ensure that all Board members are aware of their fiduciary duties and responsibilities, various legislations and regulations affecting their conduct, the need for safeguarding the interests of the shareholders, and other stakeholders and that highest standards of corporate governance are applied in all their dealings in respect and on behalf of the Company.</p> <p>The Board will review the Board Charter from time to time to ensure its applicability to the Company's current situation. The Board Charter is available on the Company' Website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's Code of Business Conduct and Ethics ("the Code") sets out the standards of ethical behaviour and values expected of Directors and employees and serves as a guide and reference in the course of the performance of their responsibilities.</p> <p>The Board has implemented appropriate processes and systems to support, promote and ensure its compliance. The Board through the NC and RC will periodically review the Code which is available on the Company's Website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a Whistle Blowing Policy which is available on the Company's Website, sets out the disclosure procedures and protection for whistle blowers to meet the Group's ethical obligations. Employees and stakeholders are encouraged to raise any serious concerns they have on any suspected misconduct or malpractices without fear of victimisation in a responsible manner rather than avoiding or overlooking them.</p> <p>All whistle-blowing reports are addressed to the AC Chairman. This policy is administered by the AC with the assistance of the Management and overseen by Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board together with the Management Team continuously refining the ways to manage its business in a sustainable and responsible manner.</p> <p>The Group affirms its commitment and will therefore continue to align its business values, purposes and strategy with sustainability governance explicitly on the Economic, Environmental and Social ("EES") areas to create continuous and long-term values for the stakeholders.</p> <p>As part of the efforts in promoting and building sustainability momentum within the Group, the Management has strengthening the Environmental, Social and Governance ("ESG") integration into the operations in the FY 2021, with a particular focus on Economic, Environmental and Social Sustainability; details of the identified actions as appended below:-</p> <p><u>Consumer and Products</u></p> <p>The Group is committed to see that not only our shareholders' interests are taken care of but also those of our consumers and suppliers. For our consumers, we will supply quality poultry products which meet their satisfaction and expectations through continual improvements in technology and processes.</p> <p>In order to ensure that our products are of consistent standard and quality, our production process is accredited by ISO 9001 : 2015 "Quality Management System" in:</p> <ul style="list-style-type: none">• Sales and Marketing of Nutriplus Chicken Eggs• Sales and Marketing of Pasteurized Liquid Egg• Manufacturing of Pasteurized Liquid Egg• Sales and Marketing of Chicken Eggs, Chicken Cut Parts, Chicken Nuggets, Frankfurters, and Fried Chicken as well as <p>ISO 22000 : 2015 "Food Safety Management System".</p> <p>Additionally, our Group is in compliance with all relevant laws and regulations governing food safety and quality:</p>

- myGAP (Malaysian Good Agricultural Practices) certification by Department of Veterinary Services under Ministry of Agriculture and Agro-Based Industry Malaysia for livestock sector
- Veterinary Health Mark (VHM) certification for chilled/frozen chicken, frankfurters & liquid eggs
- Hazard Analysis and Critical Control Point (HACCP) certification for food processing
- Good Manufacturing Practices (GMP) certification for production of ready feed and food processing
- Makanan Selamat Tanggungjawab Industry (MESTI) certification by Ministry of Health Malaysia for food processing
- Halal certification for chilled chicken, frankfurters, liquid egg & nuggets

All of our products are Halal certified and complied with requirements of Malaysia Standard (MS 1500: 2009) and Halal Manual Certification by Department of Islamic Development Malaysia (JAKIM). Pursuant to this, Halal Toyyiban Assurance Management System has been established with the mission of:

- To ensure the integrity of Halal processing by continuously and consistently monitored on the compliance to the Syariah (Islamic Law)
- To ensure compliance to all guidelines issued by Malaysian authorities such as Halal Assurance Management System of Malaysia Halal Certification produced by Department of Islamic Development Malaysia (JAKIM)
- To ensure compliance to the Malaysia Standard MS 1500 : 2019 Halal Food Production, Preparation, Handling and Storage – General Guideline (Second Revision) produced by SIRIM

We are also proudly awarded by The BrandLaureate for BESTBRANDS Award for “Most Favourite Brand - Consumer Egg” for the year of 2016-2017. Once again, in 2022, our NutriPlus brand added to its accolade “The BrandLaureate WORLD PROMINENT BUSINESS BESTBRANDS Award 2022” for Consumer Premium Processing Food. In this context, Lay Hong’s products are marketed under two brands namely Nutriplus and Wise Choice which are registered for trademark. Besides, the Group has achieved other commendable awards regionally and received accreditation from our business partners throughout the years. Our products quality with international quality accreditation had gained us as one of the market leaders in this industry. Plus, Lay Hong possesses teams of well-equipped employees with industry knowledge who are able to manage and deliver consumers’ expectation.

In terms of processing, our high technology air-chilled chicken processing facilities is able to reduce the hazard of cross contamination and ensure the highest quality chicken products for the consumers. This is also to ensure that we are able to achieve, sustain and continually improve the business relevant standard that directly impacts our business continuity.

Other than that, we are aware of new technologies to improve our business processes. In this regard, we will endeavour to keep abreast

	<p>with more technological and bio-technological advances and innovations in the fields of renewable energy, greening, materials, intelligence and electronic systems, transport and food science.</p> <p>In terms of business development, continuous efforts are ongoing through aggressive marketing campaigns to maintain our market dominance and achieve an even greater market acceptance.</p> <p><u>Operations</u></p> <p>As our business involves mass production of poultry products in which is heavily regulated by the various regulatory bodies, the Group is conscious of complying with all applicable environmental laws, guidelines and regulations in relation to treatment of farm effluents and waste water. The Group is committed that the business does not generate any major environmental concerns.</p> <p>Our standard operating procedures for environmental management includes:</p> <ul style="list-style-type: none"> • Preserving, conserving, minimising wastage of resources and ensuring that the work environment is free from contamination and pollution hazards; • Complying with all acts, rules, regulations and orders of the Department of Environment; and • Communicating clearly to all employees, customers and suppliers to instill in them the environmental awareness culture and values of our Group. 	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	: Applied
Explanation on application of the practice	<p>The Group has engaged with stakeholders in a variety of ways which had been done at both the business units and group levels through formal and informal activities. The collective opinions and insights from the stakeholders help the Board make informed decisions, while aligning the stakeholders' expectations with the Group's sustainability priorities and business approach.</p> <p><u>Actions applied in preserving, conserving, minimising wastage of resources</u></p> <p><u>Waste Management</u></p> <p>Proper waste disposal has wide-ranging implications on the environment and the surrounding communities' health. Eliminating waste altogether is obviously the ideal scenario though it is a daunting goal for the industry. The Group seeks to contribute whatever extent feasible towards the eventual realisation of total safe waste elimination. The Group has in place proper waste treatment facilities at its chicken processing plants to prevent environmental contamination from its production effluents. Wastes from the poultry rearing activity are also recycled into organic fertilisers by using Harmless Bio-fermentation System DZR-50, thus reducing environmental contamination and contributing to lesser use of chemical fertilisers.</p> <p>Paper recycling initiatives are already in progress by encouraging the employees to prioritise electronic means to share and store documents, and to reduce printing or photocopying, otherwise, to use double-sided printing. In addition, the Group uses recycled waste paper as raw materials for the paper egg containers used in transporting egg products. In this context, our Company was certified by SGS in purchasing of post-consumer paper material, manufacture and sales of FSC Recycled egg trays by using Transfer System.</p> <p>Additionally, other materials such as furnishing and fixture are recycled or reused where possible.</p> <p>Waste segregation has been done by placing different bins in and around our farm. Waste segregation is planned to be fully implemented</p>

in the coming years throughout the Group where recycling stations will be set up in convenient locations.

Water Saving Initiatives

Water is a limited resource, and as the world continues to advance and the global population continues to grow, an increasing strain is being placed on the supply of clean water. Water conservation is therefore an area that our Group is working hard on, both improving the efficiency with which we use our water, as well as working to educate our employees and the public about the need to conserve it.

Energy Saving

Lighting has been identified as having low energy consumption. Nevertheless, action has been taken to reduce the overall energy consumed by lighting. Furthermore, management will be initiating the provision of reminders to switch off lighting when not in use.

All lights in and around our office and farm have been converted to energy saving Light Emitting Diodes (“LED”) lighting system in stages. Where lighting in and around our office facilities need to be replaced, we have converted them to LED. LED is a practical replacement for standard lights as they have a lower energy consumption, longer lifetime, improved brightness, smaller size, faster switching, and greater durability and reliability. Asides to this, our Group has invested into 216kWp Photovoltaic Diesel Hybrid System which already installed at one of our layer farm with the purpose of energy saving.

Safe Workplace

The Group believes that the safety and well-being of its employees is the foundation of its success. Hence we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations. The Group has in place a policy that highlights our commitment to:

- prevent infectious disease, injury and ill health to our employees;
- ensure compliance to laws and regulations in relation to occupational safety and health;
- set targets and measures to drive occupational safety and health performance across the organisation; and
- promote a culture where all employees share the commitment to prevent harm to the safety and health of our employees, contractors and the general public.

The Group is regularly engaging and educating employees to inculcate a culture of safety and compliance through safety and health training. In this respect, the Group places utmost importance on continuous compliance with all relevant health and safety laws and regulations such as Occupational Safety and Health Act, 1994 and our Safety

	<p>Officers are registered with Department of Occupational Safety and Health (“DOSH”).</p> <p>Safety Induction Training were conducted for all of our newly joined employees. The programme is designed to train employees to become fully aware on the safety and health measures and to meet the DOSH’s guidelines. Workers are equipped with safety protective wear and equipment for protection against virus, bacteria, dust, water and other particles, and gloves for the handling of chemicals or other potentially hazardous materials. Furthermore, safety and health briefings and bio-securities screening are compulsorily conducted to all farm visitors on the awareness of safety and health before entering to the farm.</p> <p>Due to the ongoing coronavirus disease 2019 (“COVID-19”) pandemic, the Group had adopted a COVID-19 workplace safety measure policy in order to detect earlier contamination, if any.</p> <p><u>Corporate Social Responsibility</u></p> <p>We are deeply rooted in the community we operate, we actively engage in community outreach programmes and activities. We are proud of having the privilege to serve various segments of the community towards providing for social empowerment and helping to make a positive difference for people across all walks of life. We have from time to time made donations to various charitable organisation such as Kiwanis Club of Klang, old folks home as well as miscellaneous contribution, both in monetary and in kinds, to surrounding neighbourhood where our factories and farms are located.</p> <p>Aside from this, we also ensure that the welfare and wellbeing of senior staff with the age over 60 are not neglected. It is a commitment by Lay Hong to provide employment opportunities to them ever since we commenced our business operations, and as at 31 March 2022, approximately 1.7% (2021: 1.7%) of the Group’s workforce is over the age of 60. We acknowledge that the senior staff could contribute positively to the Company even after their retirement and that the valuable experience, skills and mastery in their industries can still be gainfully utilised. In this respect, the Group is proud that it has been a strong source of employment for these senior staff for past years. This has raised the quality of life of these senior staff as there is greater income stability and consequently, better and improved living standards and conditions.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board recognises the importance of keeping abreast with the ever-evolving sustainability landscape, so as to align its business strategies with its long-term sustainability value and objective.	
		The Board will incorporate more sustainability discussions into its business planning and strategies and participate in professional development programmes or activities to improve on its skills set and knowledge on sustainability, to enable it to better tackle and deliberate on sustainability matters in a more effective and efficient manner.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	A detailed study is required for developing the criteria for the performance evaluations of the Board and the Management to address the material sustainability risks and opportunities.	
		The Board and the Management will review this area and will consider setting up a Sustainability Committee and including sustainability strategies.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The role of the NC is to assist the Board in ensuring the Board comprises individuals with the requisite skills, knowledge and experience. The NC leads in the process of identifying and recommending suitable candidates for directorship to the Board and Board Committees.</p> <p>The NC conducts an annual review of the structure, size and composition of the Board, including the balance mix of skills, knowledge, experience and the independence of the Non-Executive Directors and also an assessment of the performance of the Board, Committees and individual of Directors.</p> <p>The NC shall consider the prospective Director's character, experience, skills, expertise, core competencies, integrity and time commitment, number of directorships and external obligations.</p> <p>The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. If upon completion of nine (9) years, the Independent Director continues to serve on the Board, he or she may do so subject to the re-designation as a Non-Independent Director after serving a cumulative term of nine (9) years, subject to the following:</p> <ul style="list-style-type: none"> a) assessment by the NC, regarding the independence and contributions; and b) shareholders' approval in a general meeting, where the Board must provide its justification on the recommendation.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 5.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board currently has nine (9) members, comprising three (3) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and four (4) Executive Directors.	
		The Board views the number of its Independent Directors as adequate at present to provide the necessary check and balance to the Board’s decision-making process. The Independent Non-Executive Directors have fulfilled their role as Independent Directors through objective participation in Board deliberations and the exercise of unbiased and independent judgement.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Choose an item.	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognise that Board diversity optimises decision-making process and will conscientiously improve on its current diversity.</p> <p>In evaluating the suitability of the candidates for appointment of Board and Senior Management, the Board and the NC consider salient attributes such as mix of skills and experience, strengths, expected contribution, independence (where applicable) and the multiple facets of diversity to ensure a balanced mix of talents on the Board and Management level.</p> <p>The NC is mindful of the Board's support for Boardroom diversity, particularly, in terms of ethnicity and gender. These factors will be given prime consideration in the recruitment of new Board members.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied	
Explanation on application of the practice	:	Lay Hong practices formal and transparent procedures on sourcing and appointment of new directors, either via internal nominations or independent sources. All appointments of new directors are subject to screening and appropriate recommendation of the NC prior to consideration and approval of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied	
Explanation on application of the practice	:	The profiles of the Directors, including their professional qualifications and work experiences are set out on pages 13 to 17 of the Annual Report 2022 for the shareholders' purview. The Board's statement of support on the appointment or reappointment of the Directors is set out in the explanatory note of the notice of AGM.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The NC is chaired by Mr Gan Lian Peng, who is an Independent Director. Mr Gan had also led the annual review of board effectiveness for the financial year 2022 in order that independent assessment of the performance of each individual Director as well as of the Board as a whole are carried out amongst all the Board Members.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board acknowledges the importance of boardroom diversity and workforce gender diversity policy.	
		The Board will consider the appointment of female director when a right candidate is identified.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board presently does not have any policy on gender diversity.</p> <p>The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group.</p> <p>Notwithstanding with the above, the Board affirms its commitment to Boardroom diversity as a truly diversified Board can enhance the Board's effectiveness, perspective, creativity and capacity to thrive in good times and to weather the tough times.</p> <p>In identifying suitable candidates for appointment to the Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: The NC reviews annually the required mix of skills and experience of the Board, including core competencies which non-executive Directors should bring to the Board and assesses the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director. The evaluation process is led by the Chairman of the NC and supported by the Company Secretaries annually. The Directors complete the relevant questionnaires regarding the effectiveness of the Board and its Board committees. The assessment by all Directors are summarised and disclosed at the NC's meeting and reported at a Board meeting by the Chairman of the NC. For 2022, the NC has reviewed and assessed the mix of skills and experience of the Board including the core competencies of both Executive and Non-Executive Directors, size of the Board, contribution of each Director and effectiveness of the Board and Board Committees and also evaluated the level of independence of the Directors. Based on the assessment, the NC was satisfied with the existing Board composition in terms of gender, ethnicity and age, and was of the view that all the Directors and Board Committees of the Company have discharged their responsibilities in a commendable manner and have performed competently and effectively.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has put in place remuneration policy and procedures which are premised on the need for then remuneration practices of the Company to be competitive, thereby enabling the Company to attract and retain high-calibre directors and senior management.</p> <p>The component remuneration package of the Executive Directors and Management has been structured to link rewards to corporate and individual performance while the remuneration package of the Non-Executive Directors reflects the experience and level of responsibilities undertaken by individual Non-Executive Directors.</p> <p>The Directors' fees and benefits, which have been reviewed by the RC, are recommended by the Board to the shareholders for approval at the forthcoming AGM.</p> <p>The Remuneration Policy will be reviewed periodically and is available on the Company's Website.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board had established RC chaired by Mr Gan Lian Peng and members of RC are as follows: Chairman Gan Lian Peng Independent Non-Executive Director Members Lim Teck Seng Independent Non-Executive Director Tan Chee Hau Independent Non-Executive Director The primary responsibilities of the RC are set out in detail in its Term of Reference which can be viewed from the Company's Website.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	In line with corporate governance best practice, the disclosure of the Directors' remuneration on a named basis for the Financial Year Ended 31 March 2022 (" FYE 2022 ") is set out in the Corporate Governance Overview Report.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	YAP HOONG CHAI	Executive Director	39	0	798	733	16	298	1,884	39	0	798	733	16	298	1,884
2	YEAP WENG HONG	Executive Director	35	0	455	227	10	137	864	35	0	455	227	10	137	864
3	YAP CHOR HOW	Executive Director	35	0	665	332	0	197	1,229	35	0	665	332	0	197	1,229
4	NG KIM TIAN	Executive Director	35	0	489	245	0	146	915	35	0	489	245	0	146	915
5	GAN LIAN PENG	Independent Director	39	0	0	0	0	0	39	39	0	0	0	0	0	39
6	LIM TECK SENG	Independent Director	35	0	0	0	0	0	35	35	0	0	0	0	0	35
7	TAN CHEE HAU	Independent Director	35	0	0	0	0	0	35	35	0	0	0	0	0	35
8	YEAP FOCK HOONG	Non-Executive Non-Independent Director	35	0	0	0	0	0	35	35	0	0	0	0	0	35
9	TADAAKI ITO	Non-Executive Non-Independent Director	35	0	0	0	0	0	35	35	0	0	0	0	0	35
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
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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 8.2

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

Application	:	Applied – the company discloses the remuneration of members senior management who are not members of the board
Explanation on application of the practice	:	The remuneration for the top five Senior Management in bands of RM50,000 during the FYE 2022 are as follows:- Range of Remuneration Top 5 Senior Management RM150,001 - RM200,000 – Chan Wei Khuen RM200,001 - RM250,000 – Ong Yong Thye Bong Kim Fui RM350,000 – RM400,000 – Wong Yen Tien RM500,001 – RM550,000 – Yap Chor Wen
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

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 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the AC and the Chairman of the Board are currently two different individuals.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	Lay Hong has always recognised the need to uphold independence. None of the members of the Board were former key audit partners within the cooling-off period of two (2) years.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>The AC carried out an assessment of the performance and suitability of Messrs Tai, Yapp & Co PLT based on the quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit.</p> <p>The AC has been generally satisfied with the independence, performance and suitability of Messrs Tai, Yapp & Co PLT based on the assessment and are recommending to the Board and shareholders for approval for the re-appointment of Messrs Tai, Yapp & Co PLT as External Auditors for the financial year ending 31 March 2023.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The AC consists of three (3) members, of which all are Independent Non-Executive Directors. None of them are alternate 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 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit and Committee possesses the right mix of skills to discharge its duties effectively.</p> <p>The Committee is chaired by Mr Gan Lian Peng, who is a Fellow of the Chartered Association of Certified Accountants, Associate Member of the Institute of Chartered Secretaries and Administrators and Member of the Malaysia Institute of Accountants.</p> <p>He possesses sufficient financial knowledge to provide satisfactory input on financial matters.</p> <p>The Committee who are financially literate and provide diverse perspectives that strengthen the quality of deliberations.</p> <p>The Members receive ongoing training and development as detailed in the Corporate Governance Overview report of the 2022 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The context within which the Group manages risks and the key focus of accountability for this as well as the key processes that have been established in reviewing the adequacy and effectiveness of the internal control system are set out in the Risk Management and Internal Control Statement included in the 2022 Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Our Board is responsible for the adequacy and effectiveness of our Group's risk management and internal control systems. Our Board ensures that the systems manage the Group's key areas of risk within an acceptable risk profile to increase the likelihood that our Group's policies and business objectives will be achieved. Due to the inherent limitations in any risk management and internal control system, our Board continually reviews the system to ensure that the risk management and internal control systems provide a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.</p> <p>Further details on the features of the Company's risk management and internal control are set out in the Risk Management and Internal Control Statement included in the 2022 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC knows an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the systems of internal control.</p> <p>The internal audit function was outsourced to Moore Stephens Associates PLT for the Company and its subsidiaries. However, in view of the COVID-19 pandemic and as part of safety measures against COVID-19, due to the nature of the group livestock business, the internal audit function for the FYE 2022 was carried out by in-house internal auditors.</p> <p>The internal auditor reports directly to the AC by presenting its Internal Audit Report during the AC meeting, whereby relevant issues identified in the Internal Audit Reports will be discussed with the Management in the meeting. Rectification work, if necessary, will be performed and follow-up will be carried out by internal auditors for the purpose of reporting at the subsequent AC meeting.</p> <p>During the financial year the internal audit reports which focus on internal audit and special investigation report – Kota Bahru – Depot (Eggs) was presented to the AC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied	
Explanation on application of the practice	:	Internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence. The function is headed by a qualified accountant. The internal audit work was carried out according to the code of ethics and guidelines set by the company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to ensure that the Company continue to engage effectively with its shareholders to facilitate a mutual understanding of objectives. The Group has a number of formal channels in place to effectively communicate this information to all the shareholders and stakeholders. The Board primarily achieve this through the following activities; the annual report, announcements to Bursa Malaysia Securities Berhad, quarterly reports, Group's website and investor relations.</p> <p>The Group also maintains a website which shareholders and other stakeholders can gain access to information about the Group, activities and/or any announcements made by the Group. This can all be located at the Company's Website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not a Large Company under MCGG.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The 37th AGM of Lay Hong will be held on a fully virtual basis on 28 September 2021. The notice of at least 28 days prior to the date of the AGM, allows sufficient time for the shareholders to consider the proposed resolutions to be tabled at the AGM.</p> <p>In addition, the notice of Lay Hong AGM also included details and relevant explanatory notes to the resolutions proposed to enable the shareholders to make informed decisions in exercising their voting rights.</p> <p>Lay Hong 2021 Annual Report together with the Notice of the 37th AGM dated 30 July 2021 will be available on Company's Website.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	All Directors, including members of RC, NC and AC, attended and participated at Lay Hong's AGM in 2021. The presence of all Directors presented opportunities for the shareholders to engage with each Director and also allowed the shareholders to raise questions and concerns directly to the Directors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on the resolutions at its AGM held on 28 September 2021.</p> <p>The entire AGM proceedings were held through online meeting platform of Securities Services e-Portal at https://sshbs.net.my provided by SS E Solutions Sdn. Bhd. in Malaysia.</p> <p>The Administrative Notes of the AGM were published in the Company's Website and shared with the shareholders.</p> <p>The online meeting platform provides the option for the shareholders to participate and cast their votes virtually at the general meeting without the need to appoint a proxy.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: The 37th AGM of Lay Hong was a virtual meeting. The Company had issued an Administrative Notes which encompassed the guidance on the conduct of the virtual AGM on 28 September 2021. The shareholders were allowed to submit their questions electronically to eservices@sshshb.com.my prior to the AGM, or used the Q&A platform to transmit the questions to the Board via RPV facilities during the live streaming of the AGM. The Chairman of the AGM had also informed the shareholders that they could submit their questions to the Board during the virtual AGM via RPV facilities and all the questions were addressed by the Directors.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Applied
Explanation on application of the practice	: In view of the COVID-19 pandemic and as part of safety measures against COVID-19, the 37th Annual General Meeting (“ AGM ”) was held a fully virtual basis through live streaming and online remote voting by using RPV facilities. The shareholders were allowed to submit their questions at any time from the day of the Notice of AGM and up to the end of the Q&A session. Questions posed by the shareholders had been presented to all participants during the AGM via RPV facilities.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: Minutes of the general meeting were circulated to shareholders no later than 30 business days after the general meeting.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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