

CORPORATE GOVERNANCE REPORT

STOCK CODE : **5131**
COMPANY NAME : **ZHULIAN CORPORATION BERHAD**
FINANCIAL YEAR : **30 November 2021**

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 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.

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 Board’s role is to provide strategic guidance to the Company and effective oversight of its management for the benefit of shareholders and other stakeholders while the Management team manages and runs the operations.</p> <p>The Board is accountable to shareholders and is responsible for the stewardship of the Group’s Business and affairs on behalf of the shareholders. Significantly, the Board shall seek to ensure that the Business objectives of the Group is aligned with the expectations of shareholders with a view to enhancing long-term shareholders’ value whilst taking into account the interests of other stakeholders.</p> <p>Additionally, often, the Board has to warrant that the operations of the Group are being effectively managed in a manner that is properly focused on those Business objectives, conforming to regulatory and ethical requirements as well as maintaining high standards of transparency, accountability, integrity and governance.</p> <p>The Board is mindful of the importance of business sustainability and in developing the corporate strategy of the Group, its impact on the environment, social and governance aspects is taken into consideration.</p> <p>The Board delegates specific responsibilities to four (4) Committees, namely the Audit Committee (“AC”), Risk Management Committee (“RMC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”).</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	:	<p>Tuan Haji Wan Mansoor Bin Wan Omar is an Independent Non-Executive Chairman of the Board who provides a strong leadership and is responsible for ensuring the adequacy and effectiveness of the Board's governance process.</p> <p>The Chairman ensures that Executive Directors look beyond their executive function and accept their full share of responsibilities of governance and provide regular updates on all issues pertinent to the welfare and future of the Group to the Board. The Chairman may delegate specific duties to the Executive Directors, Board members and / or Committees as appropriate.</p> <p>The Chairman ensures that proceedings of meetings comply with good conduct and practices and that discussions result in logical and understandable outcomes.</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 1.3

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

Application	:	Complied
Explanation on application of the practice	:	<p>The positions of Chairman and Chief Executive Officer ("CEO") are held by different individuals.</p> <p>Tuan Haji Wan Mansoor Bin Wan Omar is the Independent Non-Executive Chairman while Mr. Teoh Meng Keat is the CEO.</p> <p>The roles of the Chairman and CEO are distinct and separate to ensure that there is a balance of power and authority.</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 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary is qualified to act under Section 235(1) and (2)(b) of the Companies Act 2016 and holds the practicing license issued by the Companies Commission of Malaysia.</p> <p>The Company Secretary is responsible to provide sound governance advice to the Board, ensures proper Board procedures are followed and in compliance with relevant rules and regulations, as well as adoption of corporate governance practices.</p> <p>The Company Secretary plays an advisory role in all the Board and Board Committee meetings and ensures that all the meetings are properly convened and conducted.</p> <p>All secretarial and statutory records of the Company are maintained at the registered office of the Company by the Company Secretary.</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 1.5

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

Application	:	Applied
Explanation on application of the practice	:	The agenda, the relevant reports, information and documents are furnished to Directors and Board Committee members in advance to allow the Directors sufficient time to peruse for effective discussion and decision-making during meetings. All the minutes of Board and Board Committee meetings are properly recorded, maintained and circulated in a timely manner.
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 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 has a Board Charter which sets out the roles, responsibilities, authorities and operation of the Board and Board Committees and matters reserved for the Board to decide. All Board members are aware of their duties and responsibilities.</p> <p>The Board Charter is reviewed by the Board as and when necessary in accordance with the needs of the Group to ensure its effectiveness and relevance to the Board's objectives, current laws and practices.</p> <p>The Board Charter is accessible for reference on the Company's corporate website at www.zhulian.com.</p>
Explanation on 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 Board is mindful of its role to establish a corporate culture which inculcates ethical conduct that permeates throughout the Group.</p> <p>The Board recognises the importance on adherence to the Code of Conduct and Code of Ethics by all personnel (i.e. Directors, Management and Officers) in the Group and has taken measures to put in place a process to ensure its compliance.</p> <p>The management and employees are expected to observe high standards of integrity and fair dealing in relation to customers, business partners, staff and regulators within the network where the Company operates.</p> <p>In this respect, the Board has established policies, procedures and controls in light of the 1 June 2020 enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2018 on Corporate Liability. The Board has adopted adequate procedures as a defence against corporate liability and as a prevention of its employees and/or associated persons from committing corrupt practices and act of bribery in relation to its business activities. This policy, procedures and controls are in addition to and complementary to the Whistleblowing Policy and procedures established by the Board.</p> <p>The Board will periodically review and reassess the adequacy of the aforesaid codes and policies and make such amendments as it deems appropriate.</p> <p>The Code of Conduct, Code of Ethics, Whistleblower Policy and Anti-Bribery and Corruption Policy are available on the Company's corporate website at www.zhulian.com.</p>
Explanation on 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 Company's Whistleblower Policy outlines when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of ethics involving employee, Management or Director in the Group.</p> <p>This policy covers improprieties or irregularities, suspected fraud, corruption, dishonest practices or criminal offences, breach of confidentiality and failure to comply with legal or regulatory requirements.</p> <p>Concerns pertaining to financial reporting, unethical or illegal conduct is to be reported to the Chairman of the AC or CEO and employment-related concerns may be reported to the CEO.</p> <p>The aim of this policy is to promote and encourage the reporting of such matters in good faith with the confidence that the staff making such reports will be protected from any retaliation in the form of dismissal, harassment or discrimination at work, or any action in court, in respect of disclosure made by the whistleblower to the regulators.</p> <p>The Whistleblower Policy is available on the Company's corporate website at www.zhulian.com.</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 4.1

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

Application	:	Applied
Explanation on application of the practice	:	The current Board consists of six (6) members, three (3) of whom are Executive Directors and three (3) are Independent Non-Executive 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

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

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for Departure	:	<p>Tuan Haji Wan Mansoor Bin Wan Omar and Mr. Tan Lip Gay have each served the Board as Independent Non-Executive Directors for more than 14 years which had exceeded the cumulative term limit of 9 years. This is a departure from Practice 4.2.</p> <p>However, the Board based on the review and recommendation of the NC, recommends them to be retained as Independent Non-Executive Directors on the grounds that they are able to bring independent and objective judgements to the Board's deliberations and their positions in the Board have not been compromised by their familiarity and long-term relationship with other Board members.</p> <p>Key justifications for their recommended continuance as Independent Non-Executive Directors are as follows: -</p> <ul style="list-style-type: none">i) They fulfilled the criteria under the definition of Independent Directors set out in Paragraph 1.01, Chapter 1 of the Main Market Listing Requirements ("MMLR") of Bursa Securities, and thus, they would be able to function as a check and balance to the Executive team and bring an element of objectivity to the Board;ii) They have provided the Board and Board Committees with valuable experience, expertise, skills and competence;iii) Throughout their tenure as Independent Non-Executive Directors, they have acted in the best interest of the Company and shareholders and have continued to exercise independent judgement and due care;iv) They have not developed, established or maintained any significant relationship, which would impair their independence as Independent Directors, with the Executive Directors and major shareholders other than normal engagements and interactions on a professional level consistent and expected of them to carry out their duties as Independent Non-Executive Directors, Chairman or member of the Board Committees; and

	<p>v) They have devoted sufficient time, attention and efforts to their professional obligations for informed and balanced decision making.</p> <p>At the forthcoming Annual General Meeting (“AGM”) of the Company, the Board will seek shareholders’ approval for the reappointment of both Tuan Haji Wan Mansoor Bin Wan Omar and Mr. Tan Lip Gay as Independent Directors through a two-tier voting process.</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

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

Practice 4.3 – Step Up

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

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 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has entrusted the NC to assess the suitability of candidates for new appointment and re-election to the Board.</p> <p>The NC oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director as well as identify candidates to fill board vacancies, and nominating them for approval by the 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

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

Practice 4.5

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for Departure	:	<p>The Board acknowledges the recommendation of MCCG on gender diversity.</p> <p>However, the Board has not established a specific policy on setting targets for women candidates. The Board believes it is not necessary to adopt a formal gender, ethnicity and age diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group.</p> <p>The evaluation of the suitability of candidates is based on the candidates' mix of skills, knowledge, professionalism, competencies, character, time commitment, integrity, independence, and experience to bring value and expertise to the Board.</p> <p>The NC will, however, continue to take steps to ensure suitable women candidates are sought and considered as part of its recruitment exercise.</p>
<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 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilizes independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is responsible for recommending suitable candidates for Directorship to the Board.</p> <p>The NC may utilize external sources for such recommendations, and also may receive suggestions from existing Board members, major Shareholders, Management or any other relevant parties in searching for suitable candidates.</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 4.7

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

Application	:	Applied
Explanation on application of the practice	:	The NC comprises three (3) Non-Executive Directors, who are all Independent Directors and is chaired by Mr. Tan Lip Gay.
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 form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board reviews annually, via reports from the NC, its performance, as well as the performance of Board Committees and individual Directors based on a set of predetermined criteria that is facilitated by the Company Secretary.</p> <p>The Board is satisfied that the composition of the Board and its Board Committees had met the criteria required and Board members possess the relevant knowledge, experience and skills in carrying out their duties and responsibilities.</p> <p>All assessments and evaluations carried out by the NC are properly documented by the Company Secretary.</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 level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

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

Practice 6.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for Departure	:	<p>The Board has in place policies and procedures for the remunerations of Directors and Senior Management.</p> <p>The above policies and procedures are currently not made available on the Company's website, as the Company is of the view that the disclosure is unnecessary at this juncture in view of dynamic and market responsive criteria are being applied.</p>
<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 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	The RC has its own Terms of Reference and guidelines structured to align and complement the strategic direction and objectives of the Company to ensure its long-term success. The Terms of Reference for the RC is made available on the Company's corporate website at www.zhulian.com .
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 7.1

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

Application	:	Applied
Explanation on application of the practice	:	The details of the remuneration of Directors for the financial year ended 30 November 2021 is disclosed on a named basis together with the remuneration breakdown in the Corporate Governance Statement in the Company's Annual Report 2021.
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 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for Departure	:	<p>The Board acknowledged the need for transparency in the disclosure of its Senior Management's remuneration.</p> <p>Nonetheless, it takes the view that such disclosure might be detrimental to the Group's business interests given the highly competitive human resources environment in which the Group operates where intense head hunting for the candidates with the requisite expertise, knowledge and relevant professional experience is the norm.</p> <p>As such, disclosure of specific remuneration information could give rise to recruitment and talent retention issues going forward. The Group adopts a remuneration system that is responsive to the market elements as well as performance of the Group and its business divisions.</p> <p>The Company is of the view that the disclosure on a named basis the top five Senior Management's remuneration component would create negative impact amongst the Senior Management due to the sensitivity of the information.</p>
<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 7.3 – 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	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The Chairman of the Board is Tuan Haji Wan Mansoor Bin Wan Omar while the Chairman of the AC is Mr. Oon Hock Chye. They are not related to each other.
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 8.2

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

Application	:	Applied
Explanation on application of the practice	:	The AC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least two years before he/she may be considered to be appointed as a member of the AC.
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 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC has always maintained a transparent relationship with the External Auditors in seeking professional advice and ensuring that the financial statements of the Group are prepared in accordance with the applicable approved accounting standards in Malaysia.</p> <p>The AC has set the criteria to assess the suitability and independence of External Auditors. The AC has reviewed and assessed the External Auditors in terms of independence, performance, competency and integrity, and recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM.</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 8.4 – Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	All the three members of the AC are Independent Non-Executive Directors. Mr. Oon Hock Chye Audit Committee Chairman, Independent Non-Executive Director Mr. Tan Lip Gay Independent Non-Executive Director Tuan Haji Wan Mansoor Bin Wan Omar Independent Non-Executive Director

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the AC, Mr. Oon Hock Chye, is a member of the Malaysian Institute of Accountants (“MIA”), a fellow member of the Association of Chartered Certified Accountants (ACCA), a fellow member of the Chartered Tax Institute of Malaysia (CTIM) and also a Certified Financial Planner (CFP).</p> <p>All the members of the AC are able to understand matters under the purview of the AC including the financial reporting process. Members of the AC review the financial related matters collectively.</p> <p>External Auditors updates the AC with relevant developments in accounting and auditing standards, practices and rules as and when necessary.</p> <p>The qualification and experience of the AC members are disclosed in the Board of Directors’ Profile in the 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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established the Enterprise Risk Management ("ERM") framework to identify, measure and manage the Group's principal risks.</p> <p>It recognises that a sound risk management framework is essential to ensure proper management of the risks that may impede the achievement of the Group's objectives.</p> <p>The Statement on Risk Management and Internal Control as disclosed in the Company's Annual Report 2021 has been reviewed by the External Auditors.</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 9.2

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	:	The information on risk management and internal control framework is set out in the Statement on Risk Management and Internal Control. The Statement on Risk Management and Internal Control as disclosed in the Company's Annual Report 2021 has been reviewed by the External Auditors.
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 9.3 – Step Up

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

Application	:	Applied
Explanation on the adoption of the practice	:	<p>The RMC with clearly defined Terms of Reference and headed by the CEO has been established as an entity to be responsible for the overall Group's risk management.</p> <p>The Committee discusses solutions and challenges pertaining to risk management and these are reported to the Board of Directors at the Board meeting after each Committee meeting.</p> <p>The RMC comprises of one (1) Executive Director and three (3) Non-Executive Directors.</p> <p>Mr. Teoh Meng Keat Chairman, Executive Director</p> <p>Tuan Haji Wan Mansoor Bin Wan Omar Independent Non-Executive Director</p> <p>Mr. Tan Lip Gay Independent Non-Executive Director</p> <p>Mr. Oon Hock Chye Independent Non-Executive Director</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 10.1

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 determines the adequacy of the scope, functions, manpower, competency and resources of the Internal Audit department and ensures that it has the necessary authority to carry out its work.</p> <p>The Internal Audit Department provides independent and reasonable assurance to improve the internal controls of the Company.</p> <p>Its scope encompasses the examination and evaluation of the adequacy, integrity and effectiveness of the Company's overall system of internal control, risk management and governance.</p> <p>The information pertaining to the AC's assessment on internal audit function is set out in the AC Report as disclosed in the Company's Annual Report 2021.</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 10.2

The Board should disclose –

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

Application	:	Applied
Explanation on application of the practice	:	All internal audit personnel have no relationship or conflict of interest which may impair their objectivity and independence. The information on the internal audit unit has been spelt out in the AC Report as contained in the Company's Annual Report 2021.
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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has ensured timely disclosure of material information pertaining to the Company's performance and operations to the public, in accordance with the corporate disclosure requirements under the MMLR and other applicable laws.</p> <p>The Board has established a dedicated section on the Company's corporate website www.zhulian.com for disclosure of corporate information on the Company's announcements, financial information, annual reports, quarterly reports, and declaration of dividends, share prices and analysts' reports. The website is the key communication channel for the Company to reach its shareholders and other stakeholders.</p> <p>The website enhances the investor relations function and includes a corporate newsroom, investment calculator of stocks, as well as enquiries. Shareholders and other stakeholders may direct their enquiries via "Information Request" and the Company's IR contact will endeavour to reply to these queries. Shareholders can also access historical data and stocks chart information in the Company's website.</p> <p>The Annual General Meeting ("AGM") is a platform for dialogue and interaction with shareholders. The Company has always taken the initiative to communicate and engage with shareholders especially during AGM. Shareholders are always encouraged to enquire issues and discuss matters which are relevant to the business operations of the Group at the AGM.</p> <p>The Company is open to analysts' briefings as well as meetings with fund managers and investors in response to requests from institutional investors, analysts and public investors.</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 11.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for Departure	:	The Company is not a large company by definition and hence integrated reporting based on a globally recognized framework is not applicable to the Company.
<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 12.1

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 Company in practice dispatches its notice of AGM and related documents to the shareholders at least twenty-eight (28) days before the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed, where required.</p> <p>The Notice of AGM and the Annual Report 2021 is being dispatched on 30 March 2022 while AGM will be held on 18 May 2022.</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 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>In the past, all Directors attend the Company's AGM and barring unforeseen circumstances, all Directors shall be attending all the Company's General Meetings.</p> <p>The Chairman of all the relevant Board Committees (including the External Auditors) attended the past AGMs of the Company and will be present at the forthcoming AGM to provide response to questions addressed to them by the shareholders during the AGM, if any.</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 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	The Company has been convening its past few years AGMs via fully virtual meeting providing voting in absentia and remote shareholders' participations.
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 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.