

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7165
7165PA
7165WA
COMPANY NAME : KTG Berhad (formerly known as DWL Resources Berhad)
FINANCIAL YEAR : 30 June 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied				
Explanation on application of the practice	<p>The Board is collectively responsible for the proper conduct of the Company's business and assumes responsibility of effective stewardship and control of the Group. In discharging its fiduciary duties and leadership functions, the Board is guided by the Board Charter, which clearly outlines the composition of the Board, roles and responsibilities of the Board, Board Chairman, Chief Executive Officer ("CEO") / Managing Director ("MD"), individual Directors, Board Committees and the Company Secretary as well as the operations and process of the Board.</p> <p>All the Directors of the Company have objectively discharged their fiduciary duties and responsibilities at all times in the best interests of the Company to oversee the conduct, business activities and development of the Group.</p> <p>As part of the Board's endeavour to set the tone from the top, the Board evaluates and determines the training needs of its Directors annually and encourages the Directors to attend various professional training programmes necessary to keep abreast on issues and challenges arising from the changing business environment within which the Group operates.</p> <p>During the financial year ended 30 June 2020, the Directors had attended the following training programmes in compliance with Paragraph 15.08 of the Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities") Main Market Listing Requirements ("MMLR"):-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Name of Directors</th> <th>Training/courses attended</th> </tr> </thead> <tbody> <tr> <td>Datuk Wan Khalik Bin Wan Muhammad <i>(resigned w.e.f. 25 September 2020)</i></td> <td> <ul style="list-style-type: none"> • Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision • Training on the Anti- </td> </tr> </tbody> </table>	Name of Directors	Training/courses attended	Datuk Wan Khalik Bin Wan Muhammad <i>(resigned w.e.f. 25 September 2020)</i>	<ul style="list-style-type: none"> • Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision • Training on the Anti-
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Datuk Wan Khalik Bin Wan Muhammad <i>(resigned w.e.f. 25 September 2020)</i>	<ul style="list-style-type: none"> • Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision • Training on the Anti- 				

		Bribery and Corruption Policy and Framework of KTG Group
	Dato' Sri Shahril Bin Mokhtar <i>(resigned w.e.f. 30 April 2020)</i>	<ul style="list-style-type: none"> Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision
	Dato' Sri Aminul Islam Bin Abdul Nor <i>(resigned w.e.f. 19 August 2020)</i>	<ul style="list-style-type: none"> Mandatory Accreditation Programme Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision
	Dato' Rathakrishnan a/l Vellaisamy	<ul style="list-style-type: none"> Mandatory Accreditation Programme Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision Training on the Anti-Bribery and Corruption Policy and Framework of KTG Group
	Mr. Tan Ooi Jin	<ul style="list-style-type: none"> Thai Institute of Directors – Director Accreditation Program Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision Training on the Anti-Bribery and Corruption Policy and Framework of KTG Group
	Mr. Lim Mun Shung (Melvin)	<ul style="list-style-type: none"> Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision Webinar on Disruptive Technologies & Future of Functional, Sustainable and Affordable Facades Webinar on Digitalization & Constant Facade Evolution

		<ul style="list-style-type: none"> • Webinar on Fire Safety Facades • Training on the Anti-Bribery and Corruption Policy and Framework of KTG Group
	Mr. Sim Chiun Wee <i>(appointed w.e.f. 30 April 2020)</i>	<ul style="list-style-type: none"> • Mandatory Accreditation Programme • Training on the Anti-Bribery and Corruption Policy and Framework of KTG Group
	Encik Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	<ul style="list-style-type: none"> • Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision
	Mr. Lim Peng Tong	<ul style="list-style-type: none"> • Evaluating Effectiveness of Internal Audit Function • Audit Oversight Board Conversation with Audit Committees • Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision • Training on the Anti-Bribery and Corruption Policy and Framework of KTG Group
	Mr. Ng Keok Chai	<ul style="list-style-type: none"> • Mandatory Accreditation Programme • Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Corporate Liability Provision • Training on the Anti-Bribery and Corruption Policy and Framework of KTG Group
	<p>The Board is clear on the strategic direction of the Company, and discusses, reviews and adopts various business plans and strategies, both short-term and long-term, as well as allocated resources, and any changes thereto, if required, through constructive discussions with the MD/Executive Directors at least once every quarter. The Board will enquire and probe the Management on status of projects and</p>	

proposals as part of its oversight on the Management and sets the appropriate tone at the top, while providing thought leadership and championing good governance and ethical practices throughout the Group.

On a continuous engagement basis, even outside the boardroom, the Non-Executive Directors are actively engaged in group discussions as and when the need arises and have consistently enquired on the operations of the Group, examined the Management's plans and proposals for the Group and provided constructive feedback on the Management's plans. Furthermore, the Non-Executive Directors follow up closely with the Management on the implementation of the Management's plans to ensure that the Management follows through with their plans.

As part of the Board's endeavours to promote sustainability when setting the Company's business strategies, the Board ensures that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability. The Board ensures that all strategic and critical issues are considered in the formulation and adoption of the Company's strategies.

The Board, together with senior management, promotes good corporate governance culture within the Company, which reinforces ethical, prudent and professional behaviour. The Board periodically reviews the Board Charter, the Code of Conduct and Ethics and the Terms of Reference of the Board Committees and revises the aforesaid policies in a timely manner to ensure relevance of these policies. In addition, the Board is also mindful of the need for the development of other appropriate policies and procedures given the ever changing business landscape and regulatory environment.

To reiterate the Board's stance against corruption and in conjunction with the implementation of Section 17A of the Malaysian Anti-Corruption Commission Act 2009, in addition to attending the briefing on the said provision, members of the Board also attended a training on the Anti-Bribery and Corruption Policy of the Group ("**ABC Policy**") to ensure that each member of the Board is well-versed with the ABC Policy, thereby facilitating the Board in setting the tone from the top.

The Board encourages good corporate governance by applying sustainability practices throughout the Group. The Group is committed to business and environment sustainability via the implementation of various policies to minimise the negative impact caused by the Group's business activities on its ecosystem, encompassing development planning, construction site management, workforce, customer satisfaction and service, compliance and corporate social responsibility.

Some of the Group's sustainability practices include –
- compliance with all stipulated regulations, including any

	<p>conservation requirements.</p> <ul style="list-style-type: none"> - committing to more green spaces. - observing the highest standards of Occupational Health and Safety protection in creating a safe and healthy working environment for its employees as well as ensuring that its employees receive the relevant trainings and exposure for improved working standards. - having a strong focus on customer needs and resolving and handling customers' feedbacks and complaints methodologically. <p>The Board also assesses the performance of the Management to determine whether the Company's business is well managed. The Audit Committee reviews the Company's quarterly unaudited financial results and the Company's business performance in conjunction with the Executive Directors' and the Chief Financial Officer's ("CFO") detailed briefings on the financial and business performance of the Company at the Audit Committee Meetings and Board Meetings. During these meetings, and also outside these meetings as may be required, the Non-Executive Directors proactively probed the Executive Directors and the CFO on the financials and operations of the Group, and the Executive Directors and the CFO replied to these questions raised promptly and accordingly.</p> <p>The Board has established a separate Risk Management Committee to have a separate board-level risk management committee to provide dedicated oversight on risk management matters given the evolving nature of risks in the market place. The Company has also established a sound structure for internal controls and policies for risk management, which is detailed under Practices 9.1, 9.2, 10.1 and 10.2 of this Report.</p> <p>On the formal reporting level, the Board consults the Audit Committee, reviewed the Internal Audit Report presented by the outsourced Internal Auditors and discussed the relevant improvements required to address the internal audit issues raised.</p> <p>The Board also ensures that the Company makes all necessary and material announcements to Bursa Malaysia Securities Berhad on a timely basis. Shareholders are also encouraged to attend the Company's General Meetings to have open dialogues with the Board. Shareholders who were unable to attend were able to appoint their proxies to attend and speak on their behalf.</p>
<p>Explanation for departure :</p>	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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>The key responsibilities of the Chairman of the Board have been clearly spelled out under Paragraph 5.3.2 of the Board Charter, which has been made available on the Company's website at https://www.ktg.com.my.</p> <p>In the financial year ended 30 June 2020, Datuk Wan Khalik Bin Wan Muhammad ("Datuk Wan Khalik"), the Executive Chairman played a pivotal role in ensuring that the Board discharged its duties and responsibilities effectively at the same time steered the Board to be fully committed to maintain high standard of corporate governance whilst pursuing its corporate objectives in enhancing shareholders' value and competitiveness of the Company.</p> <p>As the Executive Chairman of the Board, Datuk Wan Khalik also managed the interface between the Board and Management.</p> <p>Datuk Wan Khalik led Board meetings and discussions whilst encouraging active participation and allowing dissenting views to be freely expressed to foster a culture of openness in the boardroom. Datuk Wan Khalik also ensured that no Directors, whether Executive or Non-Executive, dominated the discussion.</p> <p>Despite the position of Chairman of the Board been left vacant following the resignation of Datuk Wan Khalik on 25 September 2020, the Board assured that they would to be discharging their duties and responsibilities effectively and maintain its high level of commitment in observing high standard of corporate governance whilst pursuing its corporate objectives.</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	:	Applied
Explanation on application of the practice	:	<p>The positions of the Chairman and CEO, which is known as MD in the Company are held by two (2) different individuals and each has a clear accepted division of responsibilities to ensure that there is a balance of power and authority to promote accountability.</p> <p>The Chairman is responsible for instilling good corporate governance practices and leadership, and for ensuring Board effectiveness and leads the Board in its collective oversight of the Management, while the CEO/MD, together with the other Executive Directors, focuses on the business and daily operations and management of the Group based on their respective areas of operations, while at the same time ensuring organisational effectiveness and implementation of Board policies and decisions.</p> <p>The distinct and separate responsibilities of the Chairman and CEO/MD are clearly defined in the Board Charter to ensure that no one (1) individual has unfettered powers of decision making.</p> <p>Following the resignation of the MD and the Executive Chairman of the Company on 30 April 2020 and 25 September 2020 respectively, the Company has yet to appoint a new CEO/MD to fill the vacancy nor elect or redesignate any Directors as the new Chairman of the Company.</p> <p>Notwithstanding the above, the Executive Directors collectively oversee the business and daily operations and management of the Group, while the Non-Executive Directors of the Company endeavour to preserve the Board's role in exercising objective oversight over the Management by providing constructive scrutiny to deliberations of 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

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 is supported by two (2) suitably qualified and competent Company Secretaries. Both Company Secretaries are qualified Chartered Secretaries under Section 235(2)(a) of the Companies Act 2016 registered with the Companies Commission of Malaysia ("CCM") and are Fellow members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA").</p> <p>The Company Secretaries are external company secretaries from Securities Services (Holdings) Sdn. Bhd. with vast knowledge and experience from being in public practice and is supported by a team of competent company secretarial personnel.</p> <p>The Company Secretaries support the Board and the relevant Board Committees to ensure their effective functioning in accordance with their terms of reference and best practices, and in managing the corporate governance framework of the Company.</p> <p>The Company Secretaries also advise the Directors on their fiduciary and statutory duties, as well as corporate disclosures and compliances with the Companies Act 2016, the Company's Constitution, the Bursa Malaysia Securities MMLR, the Malaysian Code on Corporate Governance, adopted policies, and other pertinent regulations governing the Company, including guiding the Board towards the necessary compliances.</p> <p>The Company Secretaries also update the Board on changes in the regulatory requirements in a timely manner to ensure the Company remains compliant with the relevant rules and regulatory requirements and that the Board adheres to the relevant procedural requirements at all times.</p> <p>The Company Secretaries also act as the official liaison party for the Company to prepare, and submit statutory returns to the CCM. They also ensure that any change in the Company's statutory information is notified to the CCM in the relevant prescribed forms in a timely manner.</p>

	<p>The Company Secretaries are responsible in arranging and coordinating meetings of the Board, Board Committees and shareholders. This involves the preparation of agenda, issuance of proper notices of meetings, and taking and producing minutes to record the business transacted at the meetings and the decisions taken.</p> <p>For the financial year ended 30 June 2020, the Company Secretary attended the Nineteenth Annual General Meeting (“19th AGM”) and at least one (1) of the Company Secretaries, or their representative who have been briefed on the agenda items, attended all Board and Board committee meetings. In addition, the Company Secretary also attended the recent Extraordinary General Meeting (“EGM”) of the Company which was held on 24 July 2020. All deliberations at the 19th AGM, the EGM and all Board and Board committee meetings were well minuted for the Board’s reference and for action plans to be communicated to the Management to work on and to report back to the Board.</p> <p>During the 19th AGM and the EGM, the Company Secretary coordinated with the Management and Share Registrar / Poll Administrator to manage the processes of the 19th AGM and EGM to ensure orderly proceedings, including the conduct of the poll taken on all resolutions tabled at the 19th AGM and EGM.</p> <p>The Board was also updated by the Company Secretaries on the Directors’ Resolutions in Writing passed, Directors’ dealings pursuant to Chapter 14 of the MMLR, announcements made to Bursa Malaysia Securities and circulars or correspondences from Bursa Malaysia Securities, at every scheduled Board meeting held quarterly during the financial year ended 30 June 2020.</p> <p>The Company Secretaries had and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters, and with changes in the same regulatory environment, through continuous training and industry updates. They have also attended many relevant continuous professional development programmes as required by MAICSA for practicing Chartered Secretaries.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its function and duties.</p>
<p>Explanation for departure :</p>	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	While the Management strives to circulate all complete meeting materials at least five (5) business days in advance, there had been instances where the reports and other commercial updates could not be ready in time.	
		The Management will continue to strive to ensure that the complete meeting materials are circulated at least five (5) business days in advance of the meetings.	
<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 Charter which was revised and adopted with effect from 21 January 2020 is available on the Company's website at https://www.ktg.com.my.</p> <p>The Board Charter sets out the respective roles and responsibilities of the Board, Board Chairman, CEO/MD, individual Directors, Board Committees and the Company Secretary clearly. With this, the issues and decisions reserved for the Board are made clear and individual Directors are also aware on what is expected from them.</p> <p>The Board Charter and all Terms of Reference of the Board Committees will be reviewed as and when necessary to ensure they remain consistent with the Board's objectives and responsibilities, and reflect the latest compliance requirements as a result of changes in the regulatory framework, and remain relevant at all times.</p> <p>Subsequent to the Board's review of the Terms of Reference of the respective Board Committees, namely the Audit Committee, Risk Management Committee, Remuneration Committee and Nomination Committee, the respective Terms of Reference of the Audit Committee and Nomination Committee had been further revised and adopted with effect from 21 January 2020.</p> <p>The Board keeps itself abreast of the responsibilities delegated to each Board Committee, and matters deliberated at each Board Committee meeting through the minutes of the Board Committee meetings and reports by the respective Board Committee Chairmen, at Board meetings.</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 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 committed in maintaining a proper standard of conduct and ethical behaviour for the Board, management, employees and other stakeholder based on the principles of sincerity, integrity, responsibility and corporate social responsibility.</p> <p>The Board has formalised ethical standards by adopting a Code of Business Ethics and Conduct for its Board, Management, Employees and other Stakeholder, which summarises what the Board, Management, Employees and other Stakeholder must observe.</p> <p>The Code of Business Ethics and Conduct is published on the Company's website at https://www.ktg.com.my.</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 recognises that whistleblowing can serve as an important tool in preventing misconducts at the early stage and has established a Whistleblowing Policy which sets out avenues for individuals to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal.</p> <p>The Board is also cognisant of the fact that although crucial, the mere existence of the Whistleblowing Policy cannot operate in isolation. As such, the Board together with the Management have put mechanisms in place to accord whistleblowers with anonymity and the necessary protection, This is evident in the Company's Whistleblowing Policy which sets out guidance on the appropriate communication and feedback channels and actions to facilitate whistleblowing, whilst assuring potential whistleblowers of the protection accorded to them.</p> <p>Employees who wish to raise genuine concern(s) of misconduct or malpractice may bring the issue to the attention of the following designated parties:-</p> <ul style="list-style-type: none">• CEO/MD; or• Chairman of Audit Committee. <p>The Whistleblowing Policy is made available on the Company's website at https://www.ktg.com.my.</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	:		
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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 4.1

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 comprises seven (7) Directors made up of four (4) Executive Directors and three (3) Independent Non-Executive Directors.	
		Although less than half of the Board comprises Independent Directors, the Board views the number of its Independent Non-Executive Directors as adequate to provide the necessary check and balance to the Board's decision-making process.	
<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	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:	Currently, all the Independent Directors namely, Encik Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria, Mr. Lim Peng Tong and Mr. Ng Keok Chai, have served the Board for less than nine (9) years. The Nomination Committee and the Board take cognisance that under the Malaysian Code on Corporate Governance, with effect from year 2018, should the Board wish to retain any of its Independent Directors who have served the Board for a cumulative term of nine (9) years, the Board should seek shareholders' approval in the AGM. If the Board wishes to retain any of its Independent Directors who have served the Board for a cumulative term of twelve (12) years, the Board should seek annual shareholders' approval through a two-tier voting process. However, this does not apply to the Company at this juncture.	
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 4.3 - 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	:	Companies are only encouraged to adopt this 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 acknowledges the crucial role that diversity plays in facilitating constructive debates and healthy discussions during Board's deliberations and that a diverse senior management is critical in enhancing the overall credibility of the Company and in driving the Company forward.</p> <p>This can be reflected in the Company's stance as an equal opportunity employer and its stance against discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.</p> <p>In this regard, the Directors and senior management personnel are recruited based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The Board appoints its members through a formal and transparent selection process. The new appointees will be considered and evaluated by the Nomination Committee and the Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure all appointments are properly documented.</p> <p>During the financial year ended 30 June 2020, the Nomination Committee and the Board had undertaken this process during the appointment of Mr. Sim Chiun Wee as a Director of the Company.</p> <p>While there is diversity in the Board, there is no female director on the Board. However, the Board will consider this in its recruitment of Board members where necessary, while also ensuring that the recruitment is based on objective criteria, merit and with due regard for diversity in skills and experience, and not solely gender. Currently, one (1) senior management member is a woman.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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 does not have a specific policy on gender, ethnicity and age group for candidates to be appointed to the Board and does not have specific policy on setting target for female candidates in the workforce.</p> <p>Nonetheless, the Board does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation, and due considerations will be given based on objective criteria, merit and with due regard for diversity in skills and experience, and not solely gender.</p> <p>The Board is cognisant of the recommendation of the Malaysian Code on Corporate Governance on gender diversity policies and targets as well as the measures to be taken to meet the targets. Where and when appropriate, the Board will prioritise the appointment of female Directors to the Board and senior management.</p> <p>This is disclosed in the Annual Report for the financial year ended 30 June 2020.</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 utilises independent sources to identify suitably qualified candidates.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Although the Board did not utilise independent sources to identify the new Board member appointed in the financial year ended 30 June 2020, namely Mr. Sim Chiun Wee, who was recommended by existing Board members, Board decision was still made objectively in the best interests of the Company by taking into account objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background, gender and his potential to contribute to the Board.	
		The Board will consider utilising independent sources to identify suitably qualified candidates when the need arises in the future.	
<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	:	<p>The Nomination Committee is chaired by an Independent Non-Executive Director namely, Encik Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria.</p> <p>As the Chairman of the Nomination Committee, Encik Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria led the selection and nomination process of the new Board members as well as the annual review of the effectiveness of each individual director, ensuring that the performance of each individual Director is objectively assessed during the financial year ended 30 June 2020.</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

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

Practice 5.1

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

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

Application	: Applied
Explanation on application of the practice	<p>The Board had, through the Nomination Committee (“NC”), conducted annual assessments to determine the effectiveness of the Board, its Committees and each individual Director for the financial year ended 30 June 2020 on 27 August 2020.</p> <p>The same annual assessment was conducted for the financial year ended 30 June 2019 on 27 August 2019. The independence of the Independent Directors was also assessed on the same dates.</p> <p>The system of assessment is as described below:-</p> <p>(i) Directors’ peer assessment</p> <p>The annual assessment of the Directors commences with the completion of a set of comprehensive Peer Assessment Form detailing all assessment criteria which must be completed by each Director who will evaluate one peer Director selected at random confidentially. The Peer Assessment Form will then be submitted to the Company Secretaries confidentially who will table the results to the NC. Criteria for the peer assessment include peer ratings on the Director’s knowledge, contribution, performance, calibre and personality.</p> <p>(ii) Evaluation on the effectiveness of the Board as a whole and Board Committees</p> <p>The criteria for the assessment of the performance of the Board as a whole and the Board committees cover composition, processes, accountability as well as the fulfilment of duties and responsibilities.</p> <p>(iii) Peer evaluation of Audit Committee (“AC”) Members</p> <p>The annual assessment commences with the completion of a set of comprehensive assessment form detailing all assessment criteria which must be completed by each AC member on the performance of their AC peers</p>

during the financial year. Such assessment form will then be submitted to the Company Secretaries confidentially who will table the consolidated results to the NC. Criteria for the assessment include ratings on the AC members' knowledge, contribution, performance, calibre and commitment.

(iv) **Assessment of Independent Directors**

All Independent Directors had signed an undertaking / confirmation that they remain independent. The NC had considered each Independent Director's independence and advised the Board accordingly.

All the above assessment results were reported to the Board for notation, discussion and further improvements. Based on the aforesaid evaluations conducted for the financial year ended 30 June 2020, the NC and the Board were satisfied with the performance of each Director, the Board as a whole, and the Board Committees.

The Board was also satisfied with the level of time commitment given by all the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board meetings during the financial year ended 30 June 2020 as set out in the table below:-

Name of Director	Attendance
Datuk Wan Khalik Bin Wan Muhammad <i>(resigned w.e.f. 25 September 2020)</i>	5/5
Dato' Sri Shahril Bin Mokhtar <i>(resigned w.e.f. 30 April 2020)</i>	4/4
Dato' Sri Aminul Islam Bin Abdul Nor <i>(resigned w.e.f. 19 August 2020)</i>	4/5
Dato' Rathakrishnan a/l Vellaisamy	5/5
Tan Ooi Jin	4/5
Lim Mun Shung (Melvin)	5/5
Sim Chiun Wee <i>(appointed w.e.f. 30 April 2020)</i>	1/1
Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	5/5
Lim Peng Tong	5/5
Ng Keok Chai	5/5

	<p>All Directors shall, prior to accepting new directorships in other companies, notify the Chairman of the Board and/or the Company Secretaries, and inform them the indication of time that will be spent on the new appointment to ensure that the Director would still have the time to focus and fulfill their roles and responsibilities effectively. The Directors are also required to submit a timely update on their other relevant directorships to the Company Secretaries, who will in turn update the Board accordingly. Such information is used to monitor the number of directorships held by the Directors and to notify the Companies Commission of Malaysia accordingly, where required.</p> <p>During the financial year ended 30 June 2020, none of the Directors had directorships in public listed companies that exceeded the maximum limit of five (5) directorships.</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>		
<p>Measure :</p>		
<p>Timeframe :</p>		

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	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a Policy and Procedures in determining the Remuneration of Directors and Senior Management on 17 October 2018 which was revised on 28 February 2019 and further revised on 21 January 2020, which takes into account the demands, complexities and performance of the Company as well as the skills and experience required of Directors, to guide the Board in ensuring that the levels of remuneration is sufficient to attract, retain and motivate Directors.</p> <p>The policy is published on the Company's website at https://www.ktg.com.my.</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 6.2

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	<p>The Board has a Remuneration Committee ("RC"), whose principal objective is to assist the Board of Directors to structure and clearly link Directors' and Senior Management's remuneration to the strategic objectives of the Company, and which rewards contribution to the long-term success of the Company in promoting business stability and growth.</p> <p>The RC assists the Board in implementing its policies and procedures on remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company.</p> <p>The RC has a detailed Terms of Reference in writing, which includes the Remuneration Committee's –</p> <ul style="list-style-type: none">• Objectives• Composition of members• Chairman• Secretary• Meetings• Quorum• Minutes• Circular resolutions• Reporting• Authority• Duties and responsibilities <p>The Terms of Reference of the RC is published on the Company's website at https://www.ktg.com.my.</p> <p>The RC is chaired by an Independent Non-Executive Director namely, Encik Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria.</p> <p>The RC currently consists of all Independent Non-Executive</p>

	<p>Directors, which is in line with the Malaysian Code on Corporate Governance's guidance.</p> <p>The Directors who are shareholders of the Company would abstain from voting in respect of their fees and benefits at the forthcoming Twentieth Annual General Meeting ("20th AGM").</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

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	: Remuneration of Directors for the financial year ended 30 June 2020 is as follows:-					
	Name of director	Directors Fees ⁽¹⁾	Salaries and Bonus ⁽²⁾	Other emoluments ⁽³⁾	Benefits in-kind	Total
		RM	RM	RM	RM	RM
	<u>Executive Directors</u>					
	Datuk Wan Khalik Bin Wan Muhammad <i>(resigned w.e.f. 25 September 2020)</i>	60,000.00	-	500.00	-	60,500.00
	Dato' Sri Shahril Bin Mokhtar <i>(resigned w.e.f. 30 April 2020)</i>	50,000.00	280,769.50	400.00	-	331,169.50
	Dato' Sri Aminul Islam Bin Abdul Nor <i>(resigned w.e.f. 19 August 2020)</i>	60,000.00	-	400.00	-	60,400.00
	Tan Ooi Jin	60,000.00	202,523.40	400.00	-	262,923.40
	Lim Mun Shung (Melvin)	60,000.00	259,083.40	500.00	-	319,583.40
	Dato' Rathakrishnan a/l Vellaisamy	55,000.00	-	500.00	-	55,500.00
	Sim Chiun Wee <i>(appointed w.e.f. 30 April 2020)</i>	10,000.00	40,473.90	100.00	-	50,573.90
	<u>Non-Executive Directors</u>					
	Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria	60,000.00	-	500.00	-	60,500.00

	Lim Peng Tong	60,000.00	-	500.00	-	60,500.00
	Ng Keok Chai	55,000.00	-	500.00	-	55,500.00
	<p>(1) Approval obtained as a lump sum at the 19th AGM for the financial year ended 30 June 2020.</p> <p>(2) Includes statutory contributions.</p> <p>(3) For meeting allowances only.</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

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	:	The Board is of the view that, given that the disclosure of the remuneration of the senior management staff will give rise to recruitment and talent retention issues and may lead to the performing senior management staff being lured away by the competitors, the Group may risk losing high calibre personnel who have been contributing to the Group's performance.	
		The Board will ensure that the remuneration packages for the senior management personnel commensurate with their performance in order to retain these senior management personnel and motivate them to contribute positively to the Group's performance.	
<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	:	<p>During the financial year ended 30 June 2020, the Audit Committee is chaired by an Independent Non-Executive Director namely, Mr. Lim Peng Tong, whereas the Chairman of the Board is Datuk Wan Khalik. Datuk Wan Khalik had on 25 September 2020 resigned as the Executive Chairman/Executive Director of the Company.</p> <p>These positions being held by two (2) different individuals have ensured that the objectivity of the Board's review of the Audit Committee's findings and recommendations is not undermined.</p> <p>As Chairman of the Audit Committee, Mr. Lim Peng Tong had been responsible in ensuring the overall effectiveness and independence of the Audit Committee. Together with other members of the Audit Committee, they have ensured amongst others that:-</p> <ol style="list-style-type: none"> a. the Audit Committee is fully informed about significant matters related to the Company's audit and its financial statements and these matters are addressed; b. the Audit Committee appropriately communicates its insights, views and concerns about relevant transactions and events to Internal and External Auditors; and c. the Audit Committee's concerns on matters that may have an effect on the financial or audit of the Company are communicated to the External Auditors.
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

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 Board has adopted the Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors, that requires a cooling-off period of at least two (2) years to be observed by the former key audit partner of the Company’s External Auditors before being appointed as a member of the Audit Committee. This is to safeguard the independence of the audit and preparation of the Company’s financial statements.	
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 Board has adopted the Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors on 17 October 2018 which requires the AC to conduct an annual assessment of the suitability, objectivity and independence of the External Auditors in every financial year.</p> <p>In assessing the suitability, objectivity and independence of the External Auditors, the AC is required to consider amongst others:-</p> <ol style="list-style-type: none"> a. the competence, audit quality, experience and resource capacity of the External Auditors and its staff assigned to the audit; b. the audit firm's other audit engagements; c. the adequacy of the scope of the audit plan; d. the External Auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan; e. the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and f. obtaining written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. <p>Upon conducting the annual evaluation of the performance of the External Auditors, namely Messrs. Folks DFK & Co, the AC was satisfied with the quality of audit, competency and sufficiency of resources, and audit independence of the External Auditors in respect of the services rendered for the FYE 2020 and had thereafter recommended to the Board to recommend the re-appointment of Messrs. Folks DFK & Co to the shareholders for approval in the 20th AGM of the Company.</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 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	:	The Audit Committee comprises solely of the following Independent Non-Executive Directors in line with Practice 8.4 of the Malaysian Code on Corporate Governance:- a. Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria; b. Lim Peng Tong; and c. Ng Keok Chai.

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>All members of the Audit Committee are financially literate and are able to understand the Company's business and matters under the purview of the Audit Committee including the financial reporting process. They have continuously applied a critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenged Management's assertions on the Company's financials. Any inconsistencies or irregularities in the financial and operational reports would be questioned to ascertain that the Quarterly Report and the annual Audited Financial Statements taken as a whole provide a true and fair view of the Company's financial position and performance.</p> <p>In addition to financial literacy, the members of the Audit Committee have been proactive in advising the Board of any concerns that have come to the Audit Committee's attention and are committed to maintain high ethical standards in their decisions.</p> <p>All members of the Audit Committee have undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules, as and when required.</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 is supported by a Risk Management Committee, which oversees risk management of the Group. Besides adopting Risk Management Strategy and Policy, the Company has also adopted an Enterprise Risk Management Framework: Integrating with Strategy and Performance to ensure sustainable growth and promote a proactive approach in reporting evaluating and managing risks associated within the respective companies, in-line with the agreed risk framework and accepted by the RMC and approved by the Board of Directors.</p> <p>The internal audit function is outsourced to an independent professional firm that provides independent assessment of the adequacy and effectiveness of the Company and its subsidiaries’ risk management and internal control system.</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	<p>The Board had adopted a Risk Management Strategy and Policy which includes key internal control structures which shows the Group's commitment in ensuring business growth and promote a proactive approach in reporting, evaluating and managing risks associated within the Company.</p> <p>Furthermore, the Board via the Risk Management Committee oversees the risk management of the Company. The Risk Management Committee, with the assistance of the senior management team, assess the risk tolerance of the Company, identify the risk issues faced by the Company and take appropriate and prompt actions to manage the identified risks within defined parameters.</p> <p>The Company also engages the Internal Auditors to provide independent assessments on the adequacy, efficiency and effectiveness of the Company's internal control system. The Internal Auditors report directly to the Audit Committee on a regular basis and internal audit plans are tabled to the Audit Committee for review, and subsequently approved by the Board to ensure adequate coverage.</p> <p>The risk management and internal control are ongoing processes, which are undertaken at each department. The Company will continuously enhance the existing system of risk management and internal control by taking into consideration the changing business environment and regulatory requirements.</p> <p>This is evidenced by the adoption of Enterprise Risk Management ("ERM") Framework: Integrating with Strategy and Performance to ensure sustainable growth and promote a proactive approach in reporting evaluating and managing risks associated within the respective companies, in-line with the agreed risk framework and accepted by the RMC and approved by the Board of Directors.</p> <p>An ERM Report of the Company which was tabled and adopted in the Board of Directors' Meeting held on 10 June 2020 which</p>

	<p>provides the basis to improve the effectiveness of the Company's risk management and internal control.</p> <p>The review and periodic testing of the Company's internal control and risk management strategy, policy and ERM framework are conducted as and when required.</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

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 adoption of the practice	:	The Board has established a Risk Management Committee, which comprises three (3) Independent Non-Executive Directors, namely Encik Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria, Mr. Lim Peng Tong and Mr. Ng Keok Chai.

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 internal audit function of the Company is carried out by an outsourced professional service firm that assists the Audit Committee and the Board in managing the risks and establishment of the internal control system and processes of the Company by providing an independent assessment on the adequacy, efficiency and effectiveness of the Company's risk management and internal control system and processes. The Internal Auditors report directly to the Audit Committee.</p> <p>To ensure an effective and independent internal audit function, the Audit Committee has been entrusted with the following duties and responsibilities:-</p> <ul style="list-style-type: none">• review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;• review the internal audit plan and results of the internal audit assessments, investigation undertaken, and ensure that appropriate action is taken on the recommendations of the internal auditors;• consider the internal audit reports and findings of the internal auditors, fraud investigations and actions and steps taken by Management in response to the audit findings;• appraise or assess the performance of members of the internal audit function; and• monitor the overall performance of the Company's internal audit function. <p>In developing the scope of the internal audit function, the Audit Committee is satisfied that:-</p> <ol style="list-style-type: none">a. the person responsible for the internal audit has relevant experience, sufficient standing and authority to enable him to discharge his functions effectively;b. the firm appointed to carry out the Company's internal audit function has sufficient resources and is able to access information to enable it to carry out its role

	<p>effectively; and</p> <p>c. the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively.</p> <p>The Internal Auditors have and will continue to keep abreast with developments in the profession, relevant industry and regulations.</p> <p>The internal audit function is independent of the operations of the Company and provides reasonable assurance that the Company's system of internal control is satisfactory and operating effectively.</p> <p>Areas for improvements are highlighted to the Audit Committee who will report the same to the Board. The implementation of recommendations is consistently and closely monitored. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the 2020 Annual Report.</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>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

Practice 10.2

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	<p>The internal audit function is outsourced to YVC Advisors Sdn. Bhd. (<i>formerly known as Total Advisors Sdn. Bhd.</i>) and the internal audit staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>The number of staff deployed for the internal audit reviews ranges from three (3) to four (4) per visit. The staff involved in the internal audit reviews possess professional qualifications and/or a university degree. Amongst the staffs, there are members of the Institute of Internal Auditors Malaysia.</p> <p>The internal audit lead is Ms. Christine Looi Pek San ("Ms. Christine") who is a Professional Member of The Institute of Internal Auditors Malaysia ("IIAM"). Ms. Christine has close to thirty (30) years of commercial experience in internal audit and business advisory in public-listed companies and private companies operating in varied industries, including construction, property development, manufacturing, hotels and hospitality, insurance, investment holding, trading, retail, services, water treatment, education and oil palm. She has overseas exposure through assignments in China, India and Indonesia.</p> <p>The internal audit reviews were conducted using a guide by the International Professional Practices Framework issued by the Institute of Internal Auditors Inc. which contains the international standards for internal auditing. In addition, the audit programme is tailored to the operations / processes / functions of the Company and one (1) of its active wholly-owned subsidiaries, Oriwina Sdn. Bhd. ("Oriwina") with clearly-stated objectives and risks and is guided by the COSO principles. Appropriate audit procedures have been included to ensure adequate coverage of the areas to be audited and risks to be addressed.</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 11.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value. The Board, in its best efforts, always keeps the shareholders and various stakeholders informed of the Company's business and corporate developments and ensure that the Company's communication with them is transparent and timely. Announcements and all relevant updates are posted on the Company's website regularly. Shareholders may also communicate with the Company on investor relation matters by emailing pengtong@ktg.com.my. The Company will endeavour to reply to these enquiries in the shortest possible time.</p> <p>The Board is also mindful of the disclosure obligations as stipulated in the MMLR and strives to ensure compliance at all times. The Board endeavours to provide timely and accurate disclosure of all material or price sensitive information of the Company to shareholders and investors and may provide additional disclosure of information on a voluntary basis, where possible and applicable, as soon as practicable through various appropriate channels and announcements made to Bursa Securities. The Board ensures that all material information and corporate disclosures are discussed with Management prior to dissemination to ensure compliance with the MMLR. In deciding on the necessary disclosures and announcements, the Board is also guided by Bursa Securities's Corporate Disclosure Guide as published by Bursa Securities from time to time. All public announcements are electronically published and can be assessed publicly at Bursa Malaysia Securities' website at www.bursamalaysia.com or the Company's website at https://www.ktg.com.my.</p> <p>Besides that, the Annual Report to shareholders, is also one of the main channels of communication between the Company and its shareholders and stakeholders. The Annual Report, which is prepared in accordance with the requirements of the MMLR, communicates comprehensive information of the financial results and activities undertaken by the Company. All information to shareholders are available electronically as soon as it is announced or published.</p> <p>Another key avenue of communication with its shareholders</p>

	are the Company's AGM and EGM, which provide a useful forum for dialogue with shareholders where they may raise questions or seek clarifications on the Company's business and reports from the Company's 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

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not categorised as “Large companies” under the Malaysian Code on Corporate Governance and hence, has not adopted integrated reporting based on a globally recognised framework. Nonetheless, the Board ensures there is ongoing engagement and communication between the Company and its stakeholders to build trust and 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, as explained under Practice 11.1 above.	
<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 has provided all shareholders at least twenty-eight (28) days' notice before the date of the 19th AGM last year and will give all shareholders at least twenty-eight (28) days' notice before the date of the 20th AGM this year.</p> <p>The Notice of General Meeting provides detailed explanation for the resolutions proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make informed decisions when exercising their voting rights.</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>All the Directors of the Company attended the 19th AGM and EGM of the Company held on 26 November 2019 and 24 July 2020 respectively. During the 19th AGM and EGM, Chairman opened the floor to questions from the shareholders present and there were no questions raised by the shareholders or their proxy(ies) during the 19th AGM and EGM.</p> <p>In addition, shareholders were also encouraged to submit their questions ahead of the EGM which was held on 24 July 2020 and were assured that the Company would endeavour to answer to shareholders' questions at the EGM if time permitted or by email after the EGM. Nonetheless, there were no questions received from the shareholders prior to the EGM and there were no questions raised by the shareholders or their proxy(ies) during the EGM.</p> <p>All the Directors of the Company will endeavour to attend all General Meetings and the Chairman of the Audit, Nomination, Remuneration and Risk Management Committees will provide meaningful response to questions addressed to them.</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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Paragraph 8.29A of the MMLR requires that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll for all general meetings from 1 July 2016 onwards. The Company had conducted the voting on all resolutions at the 19th AGM held on 26 November 2019 and the EGM held on 24 July 2020 by poll. The Company had engaged Mega Corporate Services Sdn. Bhd. to act as the Poll Administrator to provide the polling system, while the independent scrutineers, Mr. Adrian Ong Hean Teik and Mr. Yip Yih Peng, were appointed to verify the poll results of the 19th AGM and the EGM respectively.</p> <p>In addition, the 19th AGM and the EGM of the Company were held at accessible locations.</p> <p>For shareholders who are not able to attend the General Meeting, they may appoint any person(s) as their proxies to attend, participate, speak and vote on their behalf and represent them.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The forthcoming 20 th AGM of the Company will be held on a fully virtual basis via remote participation and voting facilities to enhance engagement with shareholders and encourage shareholders' remote participation.
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.

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