

CORPORATE GOVERNANCE REPORT

STOCK CODE : 3247
COMPANY NAME : GUH HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2018

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 not only sets the strategic direction but also oversees the business conduct to ensure the Group is in compliance with rules and regulations, laws and requirements and upholding of ethical values.</p> <p>The Board must ensure that all the Directors are aware of their roles and responsibilities as outlined by the Board Charter which also serves as a source of reference to all stakeholders.</p> <p>The Board's responsibilities and duties are discussed on the pages of Corporate Governance Overview Statement of the Annual Report 2018.</p> <p>The Board Charter forms an integral part of the Directors' duties and responsibilities and also serves as a source of reference for the Board members to act on behalf of the Company to ensure that they conduct in the manner that the principles and practices of good corporate governance are applied in their dealings.</p> <p>The Board Charter is reviewed annually with its latest update being made in November 2018.</p> <p>The details of the Board Charter are available for reference at www.guh.com.my</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

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>Tan Sri Dato' Seri H'ng Bok San, the Executive Chairman of the Board is to provide leadership so that the Board can perform its responsibilities efficiently and to preside over meetings of Directors and ensure the Board accepts full share of responsibilities of governance.</p> <p>The role the Chairman is specified in the Board Charter, among others, as follows:</p> <ul style="list-style-type: none">(a) Provide leadership and run the Board effectively with the assistance of the Board Committees and Management;(b) Ensure the whole Board plays a full and constructive part in developing and determining the Group's strategy and overall business and commercial objectives;(c) Make recommendation to the Board on the appointment/dismissal of the Chief Executive and Non-Executives;(d) Ensure the Board annually reviews its performance and its balanced so as to achieve its effectiveness;(e) Review the performance of individual Directors;(f) Assist and guide the CEO/Group MD;(g) Supply vision of the Group;(h) Setting the Board meeting agenda for consideration, giving emphasis on important issues facing the Group with emphasis on strategic, rather than routine issues;(i) Chairing of general meetings and Board meetings;(j) Act as the Group's representative in its dealing with external parties;(k) Help guide the Group on long term strategic opportunities and represent the Group with key industry, civic and philanthropic constituents; and

	<p>(l) Promote the highest standards of integrity, probity and corporate governance in the Group.</p> <p>(m) Building high performance Board by:</p> <ul style="list-style-type: none"> • Taking a leading role in establishing an effective corporate governance system and practices, including Board Charter, a Committee structure and ensuring that education programmes for Directors are in place; • Arranging regular evaluation of the performance of the Board, its Committees and Individual Directors and discussing the performance assessment with Individual Directors and Committee Chairman; • Ensuring that the Board and Senior Management succession planning is considered on an ongoing basis. <p>The Board Charter is available on the Company's website at www.guh.com.my</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

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>There is a clear division of responsibilities between the Executive Chairman and the CEO/Group MD. The separation of the two positions in the Company promotes accountability and facilitates division of responsibilities so that Management decisions are made in order to ensure independence.</p> <p>Tan Sri Dato' Seri H'ng Bok San, the Executive Chairman is primarily responsible for running the Board and ensures that the Board accepts full share of responsibilities of governance. He is also responsible for the integrity and effectiveness of the relationship between the Independent and the Non-Independent Directors.</p> <p>Datuk Seri Kenneth H'ng Bak Tee, the CEO/Group MD is responsible for the day to day operations of the Group. In addition, his responsibilities include among others, reporting, clarifying and communicating matters relating to the daily operations to the Board and to ensure the business; policies and strategies formulated by the Board are implemented effectively with the assistance from the management team.</p> <p>The Board Charter clearly defines the responsibilities of the Chairman and the CEO/Group MD respectively.</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

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, Datuk Seri Kenneth H'ng Bak Tee (LS 0008988) who is also the Group's CEO/Group MD. He is currently a Fellow Member of the Institute of Approved Company Secretaries and an Affiliate Member of the Malaysian Institute of Chartered Secretaries and Administrators.</p> <p>The Chartered Secretary, Ms Kee Gim Tee (MAICSA 7014866), is an associate member of the Malaysian Institute of Chartered Secretaries and Administrators.</p> <p>The Chartered Secretary provides support and company secretarial services to the Chairman, CEO/Group MD, Directors, the Board and Board Committees and the Management that includes among others, the following areas:</p> <p>Advisory role to the Board with regards to the Malaysian Code on Corporate Governance, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), Companies Act 2016, Company's Constitution, Terms of Reference of Committees, Board Charter and consequential application, disclosure and compliance requirements;</p> <p>Management and minutes of Board and Committee meetings that include the setting of agendas with the Chairman and CEO/Group MD, dissemination of information and papers for the meetings, procedures for meeting, recording of meeting minutes and related matters;</p> <p>Management of the Annual General Meeting (AGM) that includes the preparation of Annual Report, Circular to Shareholders, Notice of AGM, working with the Share Registrars and ensuring that the due processes and proceedings are in place for effective conduct of the AGM.</p> <p>The Company Secretary shall also undertake the statutory duties as prescribed under the Companies Act 2016 and the Listing Requirements.</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	:	<p>All Directors of the Company have full access to information concerning the Company and the Group. Prior to the Board and Board Committee meetings, a formal agenda as approved by respective Chairman of the Board and the Committees together with the papers containing relevant information to the Board/Committees are delivered to the members for the Directors to be prepared and deal with if any matter arising from such meetings and to enable the Board and the Board Committees to make decisions. They normally receive the information and meeting papers one week before the scheduled meetings. The Directors would also seek the advice and services of the Senior Management or engage other external consultants/independent professionals in the discharge of their duties and to clear any doubt or concern, if deemed necessary.</p> <p>The Company Secretary is responsible to maintain the documentation of the Board such as meeting papers and minutes of the Board and its Committees to be produced for inspection, if 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

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 is published on the Company's website at www.guh.com.my</p> <p>The Board will review and update (if necessary) the Board Charter on an annual basis.</p> <p>The Committees of the Board has detailed Terms of Reference that set out their scope and authority, which are also published on the Company's website at www.guh.com.my</p> <p>Overview of the role of each Committee is as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Board Committee</th> <th style="text-align: left;">Role</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">Audit Committee</td> <td style="vertical-align: top;">Oversees the Company's financial reporting process and practice and reviews the results of internal and external audit activities and to ensure compliance with all applicable accounting standards and any other relevant regulatory authorities.</td> </tr> <tr> <td style="vertical-align: top;">Risk Management & Sustainability Committee</td> <td style="vertical-align: top;">Identifies, evaluates and manages the significant risks associated to current business, any new investment and/or divestment and control responsibilities with appropriate action plan and ensures the implementation of appropriate systems to manage the overall risk exposure of the Group.</td> </tr> </tbody> </table> <p>From the perspective of sustainability, identify and manage non-financial issues, greater attention will be given to how businesses impact the economy, environment and social risks and</p>	Board Committee	Role	Audit Committee	Oversees the Company's financial reporting process and practice and reviews the results of internal and external audit activities and to ensure compliance with all applicable accounting standards and any other relevant regulatory authorities.	Risk Management & Sustainability Committee	Identifies, evaluates and manages the significant risks associated to current business, any new investment and/or divestment and control responsibilities with appropriate action plan and ensures the implementation of appropriate systems to manage the overall risk exposure of the Group.
Board Committee	Role						
Audit Committee	Oversees the Company's financial reporting process and practice and reviews the results of internal and external audit activities and to ensure compliance with all applicable accounting standards and any other relevant regulatory authorities.						
Risk Management & Sustainability Committee	Identifies, evaluates and manages the significant risks associated to current business, any new investment and/or divestment and control responsibilities with appropriate action plan and ensures the implementation of appropriate systems to manage the overall risk exposure of the Group.						

		opportunities alongside financial implication.
	Nomination Committee	Reviews annually the required mix of skills, experience and other qualities including core competencies of individual Director, evaluates the assessment of effectiveness of the Board as a whole, and also all other Committees appointed by the Board.
	Remuneration Committee	Reviews remuneration of 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

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 Code of Ethics and Code of Conduct is published on the Company's website at www.guh.com.my</p> <p>The Code serves as a documentation of the Directors' and employees' commitment to do business in a manner that is efficient, ethical and fair which is meant to be a reference point for all Directors and all levels of employees as well as parties that engage with business dealings within the Group.</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	:	The Whistleblowing Policy and Procedures of the Company have been established and shall be applicable to all employees of GUH, which include its local and overseas wholly-owned subsidiaries and sub-subsidiaries. The Board firmly acknowledges that a whistleblowing system may strengthen and support good management and in the mean time demonstrates accountability, provides good risk management as well as sound corporate governance practices.	
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	:	<p>The Board consists of nine (9) members of whom are the Executive Chairman, the Chief Executive Officer/Group Managing Director, two (2) Non-Executive Directors and five (5) Independent Non-Executive Directors. Currently the Board comprises a majority of Independent Directors.</p> <p>The presence of Independent Directors which comprise majority of the Board members is sufficient to provide the necessary checks and balances on the decision making process of the Board. They do not participate in the day to day management of the Group and do not engage in any business dealings or other relationship within the Group. They possess integrity and extensive experience to provide independent and unbiased views at Board's deliberations and fair judgment to safeguard the interest of the Company, shareholders and the stakeholders.</p> <p>The Nomination Committee has assessed the Board composition and is satisfied that the current size and composition of Directors is adequate to provide a balance mix of skills and experience, as well as the objectivity required in the boardroom.</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

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	: Applied - Two Tier Voting
Explanation on application of the practice	<p>As recommended by the MCCG, the tenure of an Independent Director of the Company should not exceed a cumulative term of nine years. In the event the Board intends to retain the Independent Director after serving a cumulative term of nine years, shareholders' approval will be sought.</p> <p>Though the Board believes that tenure should not form part of the independence assessment criteria, the Board practices and undertakes annual assessment of its Independent Directors based on the experience and personal qualities more particularly integrity and objectivity of each individual Director to ensure the current Independent Directors are able to exercise independent judgments and act in the best interest of the Company. In appreciating the spirit of the Code in order to embrace and support a strong corporate governance culture throughout the Company, the Board will continue to provide justification and seek annual shareholders' approval through a two-tier voting process for all the Independent Directors who have continued to retain as Independent Directors for more than 12 years. Notwithstanding the long tenure of the Independent Directors, the Board believes that the long tenure may not erode the Board's objective since all the Independent Directors are able to express their views and question the Board's decision, debate constructively, challenge rigorously and decide dispassionately.</p> <p>The following Directors who have served as Director for a cumulative period exceeding twelve (12) years will be subjected to re-appointment through a two-tier voting process at the forthcoming Annual General Meeting are:-</p> <ul style="list-style-type: none">• Mr. Lai Chang Hun• Mr. Chew Hock Lin• Dato' Ismail Bin Hamzah• En. W Ismail Bin W Nik

	<p>The justifications for retaining the above Directors are as follows:</p> <ul style="list-style-type: none"> • Fulfils the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; • Provide the Board with diverse set of experience, skills and expertise in the relevant field/business industry; • Sufficient time and attention to their professional obligations for informed and balanced decision making; and • Able to bring independent and objective judgment to the Board deliberations and their position in the Board has not been compromised by their familiarity and long relationship with other Board members. <p>The Board unanimously in its opinion that the above Directors have not been impaired or compromised and the Board resolves to seek the shareholders' approval for them to continue serving as an Independent Directors 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

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 acknowledges the important of age, nationality, professional background and gender diversity and recognises the benefits that such diversity can bring.</p> <p>The Company will work towards addressing this as and when vacancies arise and suitable candidates are identified. The Nomination Committee is responsible to lead the process for the nomination of new Board appointments and making the necessary recommendations. In this respect, the role of the Nomination Committee is detailed in its Terms of Reference, which is accessible for reference on the Company’s website, www.guh.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

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 recognises the government's call for gender diversity of at least 30% women directors in companies. The Board is mindful that any gender representation should be in the best interest of the Company.</p> <p>At present, there is one female Director sitting on the Board of the Company. The Board will take steps towards formalising such policy, targets and measures to reflect the Company's commitment towards gender diversity to be broadened to include women in senior management which will also serve as a talent pipeline for Board candidacy in the future.</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	:	Applied
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee have an annual review of the composition of the Board and makes recommendations to the Board accordingly, keeping in mind the need to meet current and future requirements of the Group. The Board may rely on recommendations from existing Board Members and is also open to utilising independent sources, if necessary.</p> <p>The Nomination Committee is satisfied with the current size of the Board and with the mix of qualifications, skills and experience of its Board members.</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

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 Dato' Ismail Bin Hamzah. The membership of the Nomination Committee consists exclusively of Independent Non-Executive Directors.</p> <ul style="list-style-type: none"> • Dato' Ismail Bin Hamzah – Chairman • Mr. Chew Hock Lin – Member • Mr. Lai Chang Hun – Member <p>The Board is of the view that Dato' Ismail Bin Hamzah has considerable experience via his key position held in his profession in the past and he has been holding the position of director in many other public listed companies and therefore considered a senior and competent as the Chairman of the Nomination Committee.</p> <p>Details and profile of the Chairman can be found under the Profile of Directors of the Annual Report 2018.</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 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 through the Nomination Committee has conducted annual assessments to determine the effectiveness and contribution of each Individual Director, each Committee and the Board as a whole. A formal evaluation process was conducted at the end of 2018 as follows:</p> <ul style="list-style-type: none"> • Directors' peer evaluation; • Board and Board Committee performance • Assessment of Independent 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

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, through the Nomination and Remuneration Committees, review the remuneration package of the Executive Directors. The Remuneration Committee shall normally consider the level of responsibilities of its Directors, and is guided by the framework that covers the terms and conditions for the Executive Directors. The remuneration package contains both fixed and performance-linked elements and their remunerations are benchmarked against the remuneration of other companies within the same industry.</p> <p>The Remuneration policies and procedures are available on the Company's website at www.guh.com.my.</p> <p>The Terms of Reference of the Nomination Committee and Remuneration Committee are also available on the Company's website at www.guh.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 Remuneration Committee comprises the following Directors, all of whom are Non-Executive Directors, with the majority of Independent Directors.</p> <ul style="list-style-type: none"> • Dato' Ismail Bin Hamzah – Chairman • Mr. Chew Hock Lin – Members • Datin Jessica H'ng Hsieh Ling – Member <p>The Terms of Reference of Remuneration Committee is accessible for reference on the Group's website, www.guh.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

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 Directors' Remuneration on a named basis are disclosed in the Corporate Governance Overview Statement in the Company's Annual Report 2018.
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 has opted not to disclose on a named basis the Senior Management's remuneration in the bands of RM50,000.00 after taking into account the sensitivity, security and issue of staff morale as well as the confidentiality purposes.</p> <p>In addition, the Company is of the view that disclosure of remuneration package of the key personnel is detrimental to the Company's management of its human resource due to the competitive environment for resources within the industries the Company and its subsidiaries operate in.</p> <p>The Company also believes that non-disclosure of the remuneration information on key personnel will not affect the interest of its shareholders.</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	:	<p>The positions of the Chairman of the Board and the Audit Committee are held by separate individuals.</p> <p>The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee, Mr. Chew Hock Lin who is also the Senior Independent Non-Executive Director of the Company. He is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA). The other members of the Audit Committee are Dato' Ismail Bin Hamzah and Dato' Dr. Gan Kong Meng. All members of the Audit Committee are financially literate and equipped with the required business skills in discharge their duties as Audit Committee members.</p> <p>The Terms of Reference of Audit Committee is accessible for reference on the Group's website, www.guh.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

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 Company has Group Policy and Procedures on evaluation of External Auditor. The Audit Committee does not include any former key audit partner of the firm of 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

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	:	The Audit Committee of the Company undertakes annual assessment on the external auditors, Messrs. Crowe Malaysia PLT (formerly known as Crowe Horwath) by evaluating the compliance level of the services carried out by them and to ensure that they are competent and independent throughout the conduct of the audit engagement within the Group.
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	:	The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee, Mr. Chew Hock Lin who is also the Senior Independent Non-Executive Director of the Company is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA). The other members of the Audit Committee are Dato' Ismail Bin Hamzah and Dato' Dr. Gan Kong Meng.

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>Audit Committee reviewed the financial related matters collectively and they attended continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>Various training attended by each member of the Audit Committee has been disclosed in the previous years' and this financial year Annual Report 2018 on the page under the Corporate Governance Overview Statement.</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 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The information on risk management and internal controls are set out under the Statement on Risk Management and Internal Control of the Annual Report 2018.	
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 features on risk management and internal controls are set out under the Statement on Risk Management and Internal Control of the Annual Report 2018.	
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	:	Adopted
Explanation on adoption of the practice	:	<p>The Risk Management & Sustainability Committee comprises the majority of Independent Non-Executive Directors, as follows:</p> <ul style="list-style-type: none">• Mr. Chew Hock Lin – Chairman• Dato' Ismail Bin Hamzah – Member• Datin Jessica H'ng Hsieh Ling – Member <p>The function of the Risk Management & Sustainability Committee is to identify, evaluate and manage the significant risks associated to current business, any new investment and/or divestment and control responsibilities with appropriate action plan and ensure the implementation of appropriate systems to manage the overall risk exposure of the Group.</p> <p>From the perspective of sustainability, identify and manage non-financial issues, greater attention will be given to how businesses impact the economy, environment and social risks and opportunities alongside financial implication.</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 10.1

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	:	Reviewing the internal audit function’s effectiveness and independence is part of the Audit Committee’s oversight responsibilities. The information on the Audit Committee’s assessment on internal audit function is set out under the Audit Committee Report of the Annual Report 2018.	
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 recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	<p>The information on Internal Audit Function is under the Audit Committee Report of the Annual Report 2018. Further information can also be found under Statement of Risk Management and Internal Control of the Annual Report 2018.</p> <p>A team of 3 members is in charge of the Group’s Internal Audit Function.</p> <p>The person who is responsible for internal audit is:</p> <p>Name: Ms. Tan Xin Yee</p> <p>Qualification: Bachelor of Commerce (Accounting & Finance)</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 Annual General Meeting is the principal forum for dialogue and interaction with the shareholders. The Board is committed to provide shareholders with comprehensive and timely information about the Group's activities and performance to enable investors make informed decisions. Shareholders are encouraged to attend Annual General Meetings and use the opportunity to ask questions on resolutions being proposed. The Chairman and the Board members with the assistance of the external auditors, are responsible to respond and provide explanations on matters raised.</p> <p>The Company encourages shareholders and investors to access online the Company's Annual Report and up to date announcements, which are made available at the Bursa Malaysia website and the Company's website at www.guh.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

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 a Large Company as defined by the Malaysian Code on Corporate Governance and hence, has not adopted integrated reporting based on a globally recognised framework.
<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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Pursuant to Section 316 (2) of the Companies Act 2016, notice required for the annual general meeting of a public company shall be called at least 21 days or any longer period specified in its constitution.</p> <p>Pursuant to Paragraph 7.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least 14 days before the meeting or at least 21 days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting must be given by advertisement in at least 1 nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the company is listed.</p> <p>The Notice of Annual General Meeting of the Company with detailed Agenda, Annual Report and Statement/Circular to Shareholders are distributed to all the shareholders, announced to Bursa Malaysia Securities Berhad and advertised in one widely circulated newspaper in Malaysia within the stipulated prescribed time.</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

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>GUH Directors attend General Meetings of the Company annually. All of the 9 Directors attended the last AGM held on 22 May 2018. The Chairman of the Audit Committee and the Risk Management & Sustainability Committee, Mr. Chew Hock Lin and the Chairman of the Nomination Committee, Dato' Ismail Bin Hamzah attended the AGM as well. In addition, the Management staff, the Company Secretary and external auditors, Messrs. Crowe Malaysia PLT (formerly known as Crowe Horwath) were also in attendance.</p> <p>The CEO/Group MD normally presented and answers to the queries in relation to questions raised by the shareholders and/or corporate representatives at the AGM. The Chairman explained the voting and procedures for the meeting. The Chairman also invited shareholders, corporate representatives and proxies to raise questions for each of the resolution put forward for voting.</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>The Company holds physical meeting annually and shareholders who wish to attend AGM are given at least 21 days to ensure that they are able to make the necessary arrangement to attend general meetings, review agenda items and formulate questions, if any.</p> <p>The location of the General Meetings has always been held in the Bayan Lepas area, Penang Island which is easily accessible by public transport.</p> <p>For the time being, the Board will not be recommending the implementation of such technology to facilitate voting in absentia and remote shareholders participation at the AGM.</p> <p>All shareholders of the Company can either vote in person or appoint proxies to attend and vote on their behalves. Voting at the AGM is by poll and the Company utilises an electronic voting system to expedite the voting and facilitate the tabulation process.</p>
<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.

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