

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7197
COMPANY NAME : GE-SHEN CORPORATION BERHAD
FINANCIAL YEAR : December 31, 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 responsible for the overall performance of the Group and oversees the Group's goals, strategic directions, achievements, standards of conduct and policies. The Board is guided by the prevailing legal and regulatory requirements such as the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Malaysian Code on Corporate Governance, as well as the Company's Constitution and the Board Charter in discharging its fiduciary duties and responsibilities. The Board had ensured that it had set the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.</p> <p>The Board collectively and individually exercise its fiduciary duties and use reasonable care, skill and diligence when exercising its duties.</p> <p>The Board's principal focus is to:-</p> <ul style="list-style-type: none">○ review and adopt an overall strategic plan of the Company○ overseeing that the Company is being properly managed and ensure sufficient policies and procedures are in place;○ ensure that principal risks are identified, and appropriate mitigation deployed via risk management and internal control procedures;○ monitor succession planning and human capital development to ensure continuity;○ overseeing an effective communications policy;○ reviewing the adequacy and integrity of the Company's internal controls;○ ensure that the Company has appropriate corporate governance structures and has a culture of corporate responsibility and promotes sustainability within the aspects of environment, social and governance.

	<p>During the financial year ended 31 December 2020, four (4) out of five (5) of the Directors of the Company had attended appropriate training / briefing programmes to update and enhance their knowledge to enable them to discharge their duties more effectively as Directors and to keep abreast of the development in the marketplace. The list of training attended by all the Directors are available in the Annual Report. Encik Sa'adon Bin Samadi did not attend any structured training programmes during the financial year under review but he has continuously kept himself abreast of the relevant changes and developments in the regulatory requirements, laws and accounting standards through the updates shared by the Company Secretaries, as well as briefings by the External Auditors respectively.</p> <p>The Board's principal focus is disclosed in the Group's Board Charter which is published on the Company's website at www.gscorp.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>The Chairman, Encik Sa'adon Bin Samadi's primary role is to preside over meetings of Directors and ensure the smooth functioning of the Board in the interest of good governance. The Chairman shall be responsible for:</p> <ul style="list-style-type: none">i. Leadership of the Board and ensuring accurate, timely and clear information is provided to all the Directors;ii. Overseeing the effective discharge of the Board's key responsibilities, while encouraging active participation and promoting a culture of openness and constructive debate amongst Board members and between the Board and the Senior Management; andiii. Acting as a spokesperson for the Board and representing the Company at shareholders' meetings and on other occasions when actions are taken or statements are made in the name of the Company.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 Chairman, Encik Sa'adon Bin Samadi and the Managing Director, Mr. Chan Choong Kong are holding different positions. The roles and responsibilities of the Chairman and Managing Director are distinct and clearly defined as both positions are held by separate individuals to promote accountability and to ensure a balance of power and authority.</p> <p>The Chairman is responsible for the orderly conduct and working of the Board whilst the Managing Director is responsible for overseeing the management of the Group's business operations and implementation of Board decisions.</p> <p>The details of the role and responsibilities of the Chairman and the Managing Director are clearly defined in the Group's Board Charter which is published on the Company's website at www.gscorp.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

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) of the Companies Act 2016. One of them is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) whilst the other is an Associate member of the MAICSA.</p> <p>The Company Secretaries advise the Board on issues relating to the Company’s Constitution, Corporate Governance best practices and compliances with laws, rules and regulatory requirements.</p> <p>The Company Secretaries also update the Board on changes in the regulatory requirements and advise the Board on its roles and responsibilities and on corporate disclosures and compliance with Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other pertinent regulations governing the Company.</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>The Notice of the Board/ Board Committee meetings is served to the Directors at least seven (7) days prior to the Board/ Board Committee meetings unless there is an exceptional case.</p> <p>All meeting materials are circulated in advance via email prior to the dates of meetings. This is to ensure that the Directors have sufficient time and information to review, consider and deliberate on matters so that meaningful deliberation and sound decisions could be made at Board meetings.</p> <p>The Company Secretaries will circulate the draft minutes of the previous Directors' or Board Committees' Meetings via email to the Board for review at least five (5) business days prior to the next Board and Board Committee Meetings or any other time frame agreed with the Board when necessary.</p> <p>All Board members reviewed and confirmed the minutes of meetings to ensure they accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberation on a particular matter. The signed minutes are kept by the Company Secretaries at the registered office.</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 has a Board Charter which clearly defines the roles and responsibilities of the Board of Directors, Chairman, Managing Director and Board committees to ensure that all Board members are aware of their duties and responsibilities. The Board reviews the Board Charter periodically and make necessary amendments, consistent with the Board's objectives, practices and legislations. The Board Charter is available on the Company's website at www.gscorp.com.my.</p> <p>Our Corporate & Financial Policies & Procedures and Group Limits of Authority define the issues and decisions reserved for 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

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	:	The Directors are committed to observe and comply with the standards set out in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia, and Group Financial and Corporate Policies and Procedures Manual to promote good business conduct and maintaining a healthy corporate culture. The Code of Conduct and Ethics for Directors are available in the Company's website at www.gscorp.com.my .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established and adopted a whistleblowing policy designated to provide employees with:-</p> <p>(a) proper reporting channels and guidance to disclose any wrongdoing or improper conduct relating to improper conducts, malpractices, unlawful conducts, any violation of established written policies; and</p> <p>(b) guidelines within the Group or any action that is or could be detrimental to the reputation of the Group and/or compromise the interests of all stakeholders and the public without fear of reprisal or victimization and/or subsequent discrimination.</p> <p>The Whistleblowing policy is available on the Group's website at www.gscorp.com.my.</p> <p>Furthermore, all executives are required to make annual declaration of related party interest and fraud.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board currently comprises five (5) members of whom three (3) are Independent Non-Executive Directors.</p> <p>The presence of Independent Non-Executive Directors on the Board provides independent and unbiased view to safeguard the interests of shareholders.</p> <p>The Nomination and Remuneration Committee has assessed the Board composition and is satisfied that the current size and compositions is appropriate and well balance in terms of size, mix of skills and experience.</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 4.2

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 - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	<p>The Board sought shareholders' approval for retention of Mr. Tee Boon Hin ("Mr. Tee") who has served the Board as Independent Non-Executive Director ("INED") for a cumulative term of eleven (11) years and five (5) months (as at 15 September 2020) at the Seventeenth Annual General Meeting of the Company held in 2020.</p> <p>The Nomination and Remuneration Committee and Board have assessed the independence of Mr. Tee as an INED and recommended Mr. Tee to the shareholders to approve the retention of Mr. Tee as an INED. The recommendation was on the grounds that:-</p> <ul style="list-style-type: none">• Mr. Tee fulfilled the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;• Mr. Tee has vast experience in respective industries which could provide the Board with a diverse set of experience, expertise and independent judgement;• Mr. Tee remains objective and independent in expressing his views and actively participate in board deliberations and decision making of the Board and Board Committees;• Mr. Tee devoted sufficient time and attention to his responsibilities as an INED of the Company; and• Mr. Tee exercised due care in the best interest of the Company and shareholders during tenure as an INED of the Company.• That there was no potential conflict of interest that Mr. Tee could have with the Company as he had not entered into any contract or transaction with the Company and/ or its subsidiaries within the scope set out under Paragraph 5 of the Practice Note 13 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and• Mr. Tee had not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Managing Director and Executive Director,

	<p>major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an INED.</p> <p>The Board and the Nomination and Remuneration Committee are satisfied that Mr. Tee is able to exercise independent judgement and has the ability to act in the best interest of the Company.</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

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 appointment of new Directors to the Board are conducted formally and transparent through assessment by the Nomination and Remuneration Committee.</p> <p>In evaluating the suitability of candidates, the Nomination and Remuneration Committee considers inter-alia, the competency, experience, commitment (including time commitment), contribution and integrity of the candidates, including where appropriate, the criteria on assessing the independence of candidates' appointment as Independent Non-Executive Director.</p> <p>The Company is supportive of diversity in any form, whether based on age, gender, race and religion throughout the Company.</p> <p>The Company will continue to identify suitable candidates for appointment to the Board as and when vacancies arise. Such candidates will be considered based on merit and competence and what the chosen candidate can contribute to further strengthen the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board practices no discrimination in term of appointment of Directors as well as hiring employees wherein the Directors and Senior Management are recruited based on their merit, skills and experiences and not driven by age, cultural background and gender.</p> <p>When the need arises, the Board would give more weightage on the appointment of female Directors and senior management.</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 4.6

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 appointment of Directors to the Board are conducted formally and transparent through assessment by the Nomination and Remuneration Committee (“NRC”) based on merits, skills and experience required. In searching for suitable candidates, the NRC may receive suggestion from the existing Board members, Management, and major shareholders. The NRC is open to referrals from external source available, such as industry and professional association, as well as independent search firms.</p> <p>In evaluating the suitability of candidates, the NRC considers inter-alia, the competency, experience, commitment (including time commitment), contribution and integrity of the candidates, including where appropriate the criteria on assessing the independence of candidates’ appointment as Independent Non-Executive Director.</p> <p>There was no Director appointed to the Board during the Financial Year Ended 31 December 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

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination and Remuneration Committee is chaired by Encik Sa'adon Bin Samadi, who is an Independent Non-Executive Director.	
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>During the financial year ended 31 December 2020, the Nomination and Remuneration Committee (“NRC”) reviewed and assessed the effectiveness of the Board, Board Committee, the contribution and performance of each individual Director and the Independence of the Independent Directors through annual evaluation. Criteria to assess the Board had been developed by the NRC to meet current and future needs of the Company.</p> <p>The evaluations results were then collated by the Company Secretaries and tabled to the NRC for deliberation. Each Director noted on the feedback and improvement needed based on the evaluations.</p> <p>The NRC annual appraisal concluded that the Board has the right balance of skills, expertise and experience for effective discussion and that the performance of all the Directors had been satisfactory.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	The Company has formalised remuneration policies and procedures for Directors and Senior Management. The Board is cognizant that such policies are premised on the need to have an adequate level of remuneration to attract and retain Directors and Senior Management personnel of high calibre and talent.
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 established the Nomination and Remuneration Committee ("NRC") to implement, review and recommend matters relating to the remuneration of Board and Senior Management.</p> <p>The NRC will assist the Board to review the remuneration packages for the Executive Directors and Senior Management and thereafter, make recommendation to the Board. The NRC will also review the performance of the Managing Director ("MD"), to discuss and indicate if the goals and objectives are being met. The results of the review of the MD which includes the recommended reward will be presented to the Board.</p> <p>The NRC's Terms of Reference is available on the Group's website at www.gscorp.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 remuneration of Directors during the financial year ended 31 December 2020 can be obtained from the Annual Report 2020 under Corporate Governance Overview Statement.	
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	:	The Board has decided that the remuneration of Key Senior Management personnel is not being disclosed on a named basis in order to allay tangible concerns on invasion of staff confidentiality and that such disclosure may be detrimental to its business interest given the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the property development industry.	
		As an alternative, the Company has disclosed the remuneration of its top five (5) senior management personnel in the band of RM50,000 in the Annual Report 2020.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit and Risk Management Committee, Mr. Tee Boon Hin is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	<p>None of the members of the Board were former key audit partners within the cooling-off period of two (2) years. Hence, there is no such person being appointed as a member of the Audit & Risk Management Committee (“ARMC”).</p> <p>The Terms of Reference of the ARMC has stated that a former key audit partner must observed a cooling-off period of at least two (2) years before being appointed as a member of the ARMC.</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 8.3

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 Audit and Risk Management Committee ("ARMC") undertakes an annual assessment of the suitability and independence of the External Auditors. The Board and ARMC had considered Messrs. Crowe Malaysia PLT, the External Auditors' profile, resources, skills, knowledge, experience, fee and engagement proposal and recommended the nomination of Messrs. Crowe Malaysia PLT as External Auditors of the Company.</p> <p>The ARMC was satisfied with Messrs. Crowe Malaysia PLT's technical competency in terms of their skills, execution of audit plan, reporting and overall performance.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit and Risk Management Committee comprises solely Independent Non-Executive Directors. There is a strong and independent element to provide effective oversight for it to function effectively and exercise objective judgements independently.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of Audit and Risk Management Committee ("ARMC"), Mr. Tee Boon Hin is an Associate of the Chartered Accountants of Australia and New Zealand, an associate member of the Governance New Zealand Incorporated, a Chartered Accountant with the Malaysian Institute of Accountants and a Fellow of the Chartered Tax Institute of Malaysia.</p> <p>The Board regards the members of the ARMC collectively possess the accounting and related financial management expertise and experience required for ARMC to discharge its responsibilities.</p> <p>Members of the ARMC attend trainings and talks to keep them updated on developments on financial standards. Updates on developments in accounting and governance standards are presented by the external auditors at ARMC meetings.</p> <p>Trainings attended by the members of the ARMC during the year can be obtained from the Annual Report 2020 under Corporate Governance Overview Statement.</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	:	The Board has in place a formal risk management process to identify, evaluate and manage significant risks impacting the Company. The Management is authorised by the Board to review and determine the level of risk tolerance. The Management is also required to identify and evaluate the adequacy and implementation of processes to manage, mitigate, avoid or eliminate the risks. The risk management and internal control framework is disclosed in Statement on Risk Management and Internal Control in the Annual Report 2020.	
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 regards risk management as an integral part in managing the Group's business operations to achieve its business objective and adopted a Risk Management Framework to address this. The Risk Management Framework helps to identify, evaluate, monitor and manage significant risks faced by the Group throughout the financial year under review:</p> <ul style="list-style-type: none">(i) The key risk register is updated systematically by each business unit or subsidiary and is monitored and discussed periodically by the Risk Management Team. Significant findings are communicated to the Audit and Risk Management Committee ("ARMC") on a periodic basis.(ii) The ARMC is entrusted by the Board with the task of advising the Senior Management, comprising mainly Executive Directors, on the appropriate action plans to mitigate high priority significant risks and the Senior Management provides updates to the ARMC and the Board on a periodic basis.(iii) The ARMC has direct responsibility over the internal audit function and directs the Group Internal Auditors to conduct test of compliance on areas of significant risks to test the adequacy and integrity of the Group's system of internal control and perform updates on agreed Management action plans where controls and/ or compliance is identified as non-satisfactory. <p>The ARMC reviews the Risk Register and Risk Action Plans in order to ensure the identified risks are within the risk appetite. During the financial year under review, the Risk Registers for its subsidiaries have been established and tabled to the ARMC for approval.</p> <p>The Managing Director and Financial Controller have provided assurance to the Board that the Group's risk management and internal control system has continued to operate adequately and effectively in all material aspects to meet the Group's objectives during the financial year under review.</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 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 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 was carried out by the in-house Group Internal Auditors to assist the Audit and Risk Management Committee (“ARMC”) and Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group governance, risk management and internal control processes.</p> <p>The Group Internal Auditors report directly to the ARMC on its activities based on the approved Annual Internal Audit Plan and adopts a risk-based approach towards the planning and conduct of audits, consistent with the Group’s framework in designing, implementing and monitoring its internal control system. An Internal Audit Plan, setting out the internal audit work expected to be carried out is tabled to the ARMC.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group Internal Audit personnels are free from any relationships of conflict of interest which could impair their objectivity and independence.</p> <p>The Group Internal Audit Department comprises two (2) internal auditors, led by Encik Wan Muhammad Wan Abdul Rahman. He holds a Professional Certification in Certified Internal Auditor awarded by Institute of Internal Auditors USA. He is also a professional member of the Institute of Internal Auditors Malaysia. He is being assisted by audit staff in executing the approved internal audit plan.</p> <p>The internal audit personnel reports directly to the Audit and Risk Management Committee on its activities based on the approved annual Internal Audit Plan. During the year, the Group Internal Audit functions were carried out in accordance with the International Standards for Professional Practice of Internal Auditing.</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>Timely release of financial results on a quarterly basis and Annual Reports to Bursa Malaysia Securities Berhad are the key channels used to disseminate information on the Group's business activities and financial performance. The Company's website at www.gscorp.com.my contains information concerning the Group which is updated on a regular basis.</p> <p>The stakeholders are given opportunity to speak and seek clarification during the Company's general meeting for effective communication.</p> <p>Apart from the above, the Annual Report is also one (1) of the main channels of communication between the Company and its stakeholders. The Annual Report, which is prepared in accordance with the requirements of the Main Market Listing Requirements and the Malaysian Code on Corporate Governance, communicates comprehensive information of the financial results and activities undertaken by the Group.</p> <p>The Company despatches its Annual Report to shareholders within four (4) months after financial close, which allows shareholders to have timely information about the Company, its operations and performance. All information to shareholders are available electronically as soon as it is announced or published.</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 classified as "Large Company". However, the Company would consider adopting the integrated reporting based on a globally recognised framework, when necessary.
		Corporate information is disseminated via the Company's website and announcements are published on the website of Bursa Malaysia Securities Berhad. At present, the Board is of the view that the Company's Annual Report and its corporate website are comprehensive enough for stakeholders to make informed decisions. The current Annual Report provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including future prospects. Components such as the Management and Discussion Analysis, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, as well as the Sustainability Statement, form an integral part of the non-financial information.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 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	:	The Notice convening the Seventeenth Annual General Meeting is given to the shareholders at least 28 days before the date of holding the Seventeenth Annual General Meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 Seventeenth Annual General Meeting (“17th AGM”) of the Company held on 15 September 2020 physically except one (1) of the Directors participated virtually due to travel restrictions amidst the COVID-19 pandemic.</p> <p>The Executive Directors responded to all the queries from shareholders at the 17th AGM.</p> <p>All the Directors of the Company will endeavour to attend all future General Meetings and the Chair of the Audit and Risk Management Committee and Nomination and Remuneration Committee will provide meaningful responses 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>The Company's Annual General Meeting has been held in the city area and not in remote location.</p> <p>It is not feasible as the Company does not have large number of shareholders. Shareholders who have questions and queries are welcome to submit questions or engage with Management separately. Management will endeavour to respond within reasonable time.</p> <p>The shareholders are allowed to appoint proxy(ies) to attend, speak and vote in his/her stead at the general meeting if they are not able to attend in person.</p> <p>The Company will explore the use of technology to allow voting in absentia or remote shareholders' participation. The Company will assess the necessity and viability for such facility taking into consideration the number of shareholders, the reliability of the technology and cost-benefit to the Company, before adopting this practice.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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

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

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