

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5141  
**COMPANY NAME** : Dayang Enterprise Holdings Bhd  
**FINANCIAL YEAR** : December 31, 2017

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is focused on the Group's overall governance by ensuring the implementation of strategic plans and that accountability to the Group and stakeholders is monitored effectively. The Executive Directors take on primary responsibilities in managing day to day business whilst the Independent Directors are involved in various committees and contribute in areas such as performance monitoring and providing independent view for enhancement of corporate governance and controls.</p> <p>The role of the management is to manage the Company in accordance with the direction of and delegation by the Board. The Board plays the strategic role in overseeing that the management carries out the delegated duties to achieve the Group's corporate objectives with long term strategic plans of the business.</p> <p>As part of its efforts to ensure the effective discharge of its duties, the Board has delegated specific functions to other Board Committees, namely:</p> <ul style="list-style-type: none"><li>i) Audit Committee (AC)</li><li>ii) Joint Remuneration &amp; Nomination (JR&amp;N) Committee</li><li>iii) Risk Management Committee (RMC) and</li><li>iv) Corporate Social Responsibility (CSR) Committee</li><li>v)</li></ul> <p>Each committee has been given clear terms of reference that have been approved by the Board. Issues were deliberated by the respective committees before putting up for recommendation to the Board. The respective Board Chairman will report to the Board on any significant development and deliberations conducted at the Board Committee level.</p> <p>The RMC advises the AC and the Board on areas of high risks and the adequacy of compliance and control procedures throughout the</p>

	<p>organisation. The AC reviews the internal controls of the Group to ensure the protection of its assets and its shareholders' investment. The Board through the JR&amp; N is responsible, amongst others, to review the Board's composition and making recommendations to the Board for appointments of new Directors by evaluating and assessing the suitability of candidates as Board member or Board Committee member. Due consideration is given to the required mix of skills, knowledge, expertise, experience, professionalism and integrity that the proposed Directors will bring to the Board.</p> <p>The Committee is also responsible to review the performance of the Directors seeking re-election at the forthcoming Annual General Meeting. The Committee also assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director on an annual basis.</p> <p>Dayang believes in building investor confidence through good corporate governance practices and communication with stakeholders. The stakeholders are updated with the performance and results of Dayang through engagements and public releases of the relevant information which are available at the corporate website.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman, Encik Ali Bin Adai leads the Board and manages the board's performance by providing leadership and guidance to the Board.</p> <p>Key responsibilities of the Chairman appointed includes:-</p> <ul style="list-style-type: none"> <li>(a) Representing the Board to Shareholders and to chair and ensure efficient organization and conduct of the Board and/or meeting of the shareholders.</li> <li>(b) Leading board meetings and discussions and encourage active participation and allowing dissenting views to be freely expressed.</li> <li>(c) Leading the Board in establishing and monitoring good corporate governance practices in the Company.</li> <li>(d) Guiding and mediating Board actions</li> <li>(e) Performing other responsibilities assigned by the Board from time to time.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The positions of the Chairman and the Managing Director are held by two different individuals.</p> <p>There is a clear segregation of responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority.</p> <p>The Chairman is primarily responsible for the orderly conduct and function of the Board by focusing on strategy governance while the Managing Director is responsible for the day to day running of the Group's businesses and implements the Board's decisions.</p>	
<b>Explanation for departure</b>	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p><b>Qualified and Competent Company Secretaries</b></p> <p>The Board is supported by the services of two qualified Company Secretaries under Section 235(2) of the Companies Act 2016.</p> <p>All Directors have direct access to the advice and services of the Company Secretaries on compliance issues and ensure that the Company's policies and procedures are followed. The Directors are also empowered to seek independent professional advice at the expense of the Company, should they consider it necessary in their course of duties.</p> <p>The Company Secretaries ensures that all legal and regulatory requirements are met. The Company Secretaries also provide governance advice, ensure adherence to rules and procedures and advocate the adoption of corporate governance best practices.</p> <p>The Company Secretaries attend all Board meetings and ensure all deliberations and decisions made by the Boards and Committees are accurately minuted and the records of the proceedings of the meetings are properly kept.</p> <p>The Board is updated by the Company Secretaries on the follow-up of its decisions and recommendations by the Management. Action items would stay as matters arising in the minutes of meetings until they are solved.</p> <p>The Company Secretaries constantly keep themselves abreast of the changing capital market environment and regulatory changes by attending relevant conferences, training programmes and continuous professional development programmes as required by the Companies Commission of Malaysia or MAISA for practising company secretaries.</p> <p>The Company Secretaries play an important role at the Annual General Meetings held end of May annually by ensuring that proceedings are in place and properly managed. The Company Secretaries also ensure the minutes are properly recorded.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board meets on a quarterly basis and additionally as and when required. The annual meeting calendar is prepared and circulated to the Directors in advance of each new year. The calendar provides Directors with tentative dates for Board meetings, Annual General Meeting as well as the closed periods for dealings in securities by Directors according to targeted dates of the Group's quarterly results announcements.</p> <p>Prior to Board Meetings, all Directors are provided with an agenda together with appropriate board papers containing information on major financial, operational and corporate matters of the Group, normally five (5) days prior to the Board meetings. This is issued in sufficient time to enable the directors to review the papers in preparation for the meeting and to obtain further explanations, where necessary and also to give the directors time to deliberate on the issues to be raised at the meeting.</p> <p>All matters discussed and resolutions passed at each Board meeting are recorded in the minutes of the Board meeting. These minutes are circulated to all Directors for their perusal and confirmation and any Director can request for further clarification on the minutes prior to their confirmation.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is mindful of the need to protect the interests of its shareholders and other stakeholders.</p> <p>In discharging its duties effectively, the Board has adopted a Board Charter which outlines the roles, composition and responsibilities of the Board. The Board conducts regular review of the Charter when necessary to ensure the continuous relevance of the Charter in line with changes in the expectations of the investors and stakeholders of the Company in general and the guidelines issued by the regulatory authorities from time to time.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group is committed to conduct its businesses and operations with integrity, openness and accountability and to also conduct its affairs in an ethical responsible and transparent manner. The Group has a code of Ethics and Conduct that set out the standards and ethical conduct expected of all employees and Directors of the Group.</p> <p>The Ethics Conduct provides commitment to ethical values through key requirements relating to conflict of interest, confidential information, insider information, protection of the Group's assets and compliance with law and regulations.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Company has not established a Whistleblowing Policy. However the Board encourages employees and members of the public to bring to the attention of the Board any improper conduct committed or about to be committed within the Group.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will look into establishing a Whistleblowing Policy which will provide and facilitate appropriate communication and feedback channels of misconduct or malpractices between the Group and its employees as well as members of the public.
<b>Timeframe</b>	:	Within one year.

### 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.

<b>Application</b>	:	Departure														
<b>Explanation on application of the practice</b>	:															
<b>Explanation for departure</b>	:	The current board composition is as follows:														
		<table border="1"> <thead> <tr> <th>Designation</th> <th>Number of Directors</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Executive Directors</td> <td>4</td> <td>44.44</td> </tr> <tr> <td>Non-Independent Non-Executive Director</td> <td>1</td> <td>11.12</td> </tr> <tr> <td>Independent Directors</td> <td>4</td> <td>44.44</td> </tr> <tr> <td>Total</td> <td>9</td> <td>100.00</td> </tr> </tbody> </table>	Designation	Number of Directors	Percentage (%)	Executive Directors	4	44.44	Non-Independent Non-Executive Director	1	11.12	Independent Directors	4	44.44	Total	9
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<b>Measure</b>	:															
<b>Timeframe</b>	:															

## 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.

<b>Application</b>	:	Not applicable - Step Up 4.3 adopted	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Board has adopted a policy which limits the tenure of its independent directors (ID) to nine (9) years.  All Independent Directors have served the Board for less than nine (9) years.

### 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.

<b>Application</b>	:	Applied																																										
<b>Explanation on application of the practice</b>	:	<p>The Board continually evaluates its requirements as to the appropriate mix of skills and experience required to ensure that its composition remains optimal for the effective discharge of its responsibilities. Their expertise and know-how have been gained through their years of involvement as players in their respective fields. The profiles of the Directors are provided on pages 9 to 13 of the Annual Report.</p> <p>The current diversity in race/ethnicity, age and gender of the existing Board who are all Malaysians is as follows:</p> <table border="1" data-bbox="534 891 1385 1048"> <thead> <tr> <th colspan="4">Race/Ethnicity</th> </tr> <tr> <th></th> <th>Malay</th> <th>Chinese</th> <th>Others</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>2</td> <td>4</td> <td>3</td> </tr> </tbody> </table> <table border="1" data-bbox="534 1079 1385 1243"> <thead> <tr> <th rowspan="2"></th> <th colspan="5">Age Group</th> <th colspan="2">Gender</th> </tr> <tr> <th>45-50</th> <th>51-55</th> <th>56-60</th> <th>60-65</th> <th>&gt;70</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>No of Directors</td> <td>4</td> <td>1</td> <td>1</td> <td>2</td> <td>1</td> <td>7</td> <td>2</td> </tr> </tbody> </table> <p>The appointment of key senior management was also made with due regard for diversity in skills, experience, age, and cultural background. The profiles of the current Senior Management are mentioned on pages 14 and 15 of the Annual Report.</p>								Race/Ethnicity					Malay	Chinese	Others	Number of Directors	2	4	3		Age Group					Gender		45-50	51-55	56-60	60-65	>70	Male	Female	No of Directors	4	1	1	2	1	7	2
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### Intended Outcome

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

### Practice 4.5

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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board acknowledges the recommendation of the MCCG on the establishment of boardroom gender diversity policy. The Company currently has two (2) female members on the Board.</p> <p>However, the Board has no immediate plans to implement a gender diversity policy or target, as it is of the view that the suitability of candidates is dependent on each candidate's competency, skills, experience, character, time commitment, integrity and other qualities regardless of gender.</p> <p>In the election for Board appointment, the Board believes in and provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender, ethnicity and age.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	There was no new appointment of Directors in 2017. However, the Board would consider sourcing new directors via independent sources in future.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Joint Remuneration & Nomination Committee is chaired by our Independent Non-Executive Chairman, Encik Ali Bin Adai.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Remuneration & Nomination Committee and the Board had performed annual assessment on all individual directors via self and peer assessment.	
		The Board does not have the practise of the assistance of independent experts on the evaluation of the board, its committees and each individual director. However, the Board would consider engaging independent consultant, if deemed necessary.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board delegated the Joint Remuneration & Nomination Committee (JRNC) the responsibility to consider and approve the remuneration arrangements of the Directors of the Group.  The Board in determining the directors' remuneration policies and procedures are guided by the recommendation of the JRNC.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has established a Joint Remuneration & Nomination Committee (JRNC) to review and recommend matters relating to the remuneration of the Board.  The JRNC comprises wholly of Independent non-Executive Directors.  A copy of the Joint Remuneration & Nomination Committee's Terms of Reference (TOR) is available on the Group's website. The TOR includes requiring JRNC to review and deliberate on the remunerations of Executive Directors and recommend to the Board for approval.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	Applied																																																																																																																																																															
<b>Explanation on application of the practice</b>	<p>The Board aims to set remuneration at levels which are sufficient to attract and retain the directors needed to run the Group successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.</p> <p>The details for the remuneration of Directors for the financial year ended 31 December 2017 for the Group and Company are as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Directors</th> <th colspan="2">Company</th> <th colspan="5">Group</th> <th rowspan="2">Total</th> </tr> <tr> <th>Fees</th> <th>Meeting Allowance</th> <th>Fees</th> <th>Salary</th> <th>Bonus</th> <th>Meeting/Other Allowances</th> <th>EPF</th> </tr> </thead> <tbody> <tr> <td colspan="9"><b>Executive Directors</b></td> </tr> <tr> <td>Datuk Ling Suk Kiong</td> <td>385</td> <td>-</td> <td>578</td> <td>914</td> <td>375</td> <td>60</td> <td>141</td> <td>2,068</td> </tr> <tr> <td>Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin</td> <td>385</td> <td>-</td> <td>578</td> <td>919</td> <td>372</td> <td>60</td> <td>149</td> <td>2,078</td> </tr> <tr> <td>Joe Ling Siew Loung @ Lin Shou Long</td> <td>321</td> <td>-</td> <td>321</td> <td>1,085</td> <td>367</td> <td>-</td> <td>168</td> <td>1,941</td> </tr> <tr> <td>Jeanita Anak Gamang</td> <td>72</td> <td>-</td> <td>72</td> <td>132</td> <td>-</td> <td>18</td> <td>18</td> <td>240</td> </tr> <tr> <td colspan="9"><b>Non-Executive Directors</b></td> </tr> <tr> <td>Ali Bin Adai</td> <td>120</td> <td>3</td> <td>120</td> <td>-</td> <td>-</td> <td>3</td> <td>-</td> <td>123</td> </tr> <tr> <td>Gordon Kab @ Gudan Bin Kab</td> <td>86</td> <td>3</td> <td>86</td> <td>-</td> <td>-</td> <td>3</td> <td>-</td> <td>89</td> </tr> <tr> <td>Koh Ek Chong</td> <td>72</td> <td>6</td> <td>72</td> <td>-</td> <td>-</td> <td>6</td> <td>-</td> <td>78</td> </tr> <tr> <td>Wong Ping Eng</td> <td>72</td> <td>3</td> <td>144</td> <td>-</td> <td>-</td> <td>5</td> <td>-</td> <td>149</td> </tr> <tr> <td>Azlan Shah Bin Jaffril</td> <td>72</td> <td>3</td> <td>72</td> <td>-</td> <td>-</td> <td>2</td> <td>-</td> <td>74</td> </tr> <tr> <td>Chia Chu Fatt</td> <td>15</td> <td>2</td> <td>15</td> <td>-</td> <td>-</td> <td>2</td> <td>-</td> <td>17</td> </tr> <tr> <td>Polit Bin Hamzah</td> <td>14</td> <td>2</td> <td>14</td> <td>-</td> <td>-</td> <td>2</td> <td>-</td> <td>16</td> </tr> <tr> <td>Abdul Aziz Bin Ishak</td> <td>14</td> <td>2</td> <td>14</td> <td>-</td> <td>-</td> <td>2</td> <td>-</td> <td>16</td> </tr> <tr> <td><b>Total</b></td> <td><b>1,628</b></td> <td><b>24</b></td> <td><b>2,086</b></td> <td><b>3,050</b></td> <td><b>1,114</b></td> <td><b>163</b></td> <td><b>476</b></td> <td><b>6,889</b></td> </tr> </tbody> </table>									Directors	Company		Group					Total	Fees	Meeting Allowance	Fees	Salary	Bonus	Meeting/Other Allowances	EPF	<b>Executive Directors</b>									Datuk Ling Suk Kiong	385	-	578	914	375	60	141	2,068	Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin	385	-	578	919	372	60	149	2,078	Joe Ling Siew Loung @ Lin Shou Long	321	-	321	1,085	367	-	168	1,941	Jeanita Anak Gamang	72	-	72	132	-	18	18	240	<b>Non-Executive Directors</b>									Ali Bin Adai	120	3	120	-	-	3	-	123	Gordon Kab @ Gudan Bin Kab	86	3	86	-	-	3	-	89	Koh Ek Chong	72	6	72	-	-	6	-	78	Wong Ping Eng	72	3	144	-	-	5	-	149	Azlan Shah Bin Jaffril	72	3	72	-	-	2	-	74	Chia Chu Fatt	15	2	15	-	-	2	-	17	Polit Bin Hamzah	14	2	14	-	-	2	-	16	Abdul Aziz Bin Ishak	14	2	14	-	-	2	-	16	<b>Total</b>	<b>1,628</b>	<b>24</b>	<b>2,086</b>	<b>3,050</b>	<b>1,114</b>	<b>163</b>	<b>476</b>	<b>6,889</b>
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<b>Explanation :</b> <b>for</b> <b>departure</b>		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure :</b>		
<b>Timeframe :</b>		

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board shall continue with the practice of ensuring confidentiality of the remuneration of its employees.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Audit Committee, Mr Koh Ek Chong, is not the Chairman of the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The assessment on the suitability, objectivity and independence of the external auditors is conducted annually to recommend its re-appointment.</p> <p>In the fourth quarter of 2017, the External Auditors, Messrs. KPMG presented to the Audit Committee (AC), a review of its 2017 Audit Plan which outlined its engagement team, audit timeline, the areas of audit emphasis and their focus on audit matters. This formed part of AC's yearly assessment of KPMG to decide whether or not to recommend to the Board for shareholders' approval on the re-appointment of external auditors at the forthcoming 12<sup>th</sup> Annual General Meeting (AGM).</p> <p>In February 2018, KPMG in its presentation of the audit status to the AC provided their assurance of their independence in accordance with the terms of all the relevant professional and regulatory requirements in respect of the audit of the Financial Statements of the Group for the financial year 2017.</p> <p>AC was satisfied with the suitability of audit, performance, competency and sufficiency of resources the external audit team provided to the Group and the Board had in April 2018 approved the AC's recommendation for the shareholders' approval to be sought at the 12<sup>th</sup> AGM on the re-appointment of KPMG as external auditors of the Group for the financial year 2018.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee comprises wholly of three (3) Independent Non-Executive directors.

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman and members of the Audit Committee (AC) are financially literate and are able to understand matters under the purview of the AC including financial reporting process.</p> <p>The AC members are expected to undertake appropriate continuing education programmes to ensure that they are abreast of relevant developments and enable them to sustain active participation during deliberations. A summary of training programmes, seminars and conferences attended by the AC members during the financial year under review is set out on page 51 of the Annual Report.</p> <p>The Board is satisfied with the AC's performance as its Chairman and members have the necessary knowledge, experience and skills to carry out their duties which contributed to the overall effectiveness of the AC.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

A

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its responsibility and is committed in maintaining a sound system of internal control and risk management practice. However such system is designed to manage rather than eliminate risks and thus the system can only provide reasonable but not absolute assurance against occurrence of any material misstatements, losses or fraud.</p> <p>The Board has established an effective risk management and internal control framework for managing risks affecting its business and operations as set out in the Statement on Risk Management and Internal Control (SORMIC). A structured process has been set up to identify and assess risks arising from the Group’s operations through the use of risk impact and risk matrix as a guide for actions to be taken for each type of risk.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board via the Risk Management Committee (RMC) oversees the risk management matters of the Group including identifying, managing, monitoring and mitigating significant risks.</p> <p>The Board is updated on the Group’s internal controls system which encompasses risk management practices as well as financial, operational and compliance controls on a quarterly basis.</p> <p>The Audit Committee (AC) evaluates the adequacy and effectiveness of the Group’s internal control systems by reviewing actions identified in reports provided by the Internal and External Auditors. The AC also reviews the internal and external auditors’ recommendation and management responses to these recommendations to ensure that they are attended to promptly and implemented accordingly.</p> <p>Throughout the year, the Internal Audit Department performed the following:</p> <ul style="list-style-type: none"> <li>- reviews based on the approved annual audit plan</li> <li>- performed reviews based on the risk levels assessed and identified auditable areas</li> <li>- carried out special reviews and investigations whenever necessary</li> <li>- reviews Group’s compliance with established principles and practices</li> <li>- Identified areas of improvements and put forward recommendations to minimise wastage and prevent fraud.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Dayang Group has established an in-house Internal Audit Department (IAD) which reports directly to the Audit Committee (AC) to assist the AC in the discharge of its duties and responsibilities.</p> <p>The role of the IAD is to provide independent, objective reports and assessment on the organisation's management, records, accounting policies and controls to the AC.</p> <p>The IA function undertakes an independent assessment on the internal control system of the Group and reports to the AC on a quarterly basis. The IA provides an assurance to the AC any significant risks are identified, assessed and managed. Such audits also ensure that instituted controls are appropriated, effectively applied and achieve acceptable risk exposures consistent with the Group's Risk Management and Internal Control Framework.</p> <p>The Senior Internal Auditor is invited to attend AC meetings to facilitate deliberation of audit reports. All IA engagements are carried out based on the Annual Audit Plan approved by the AC. IA conducts follow-up audits to ensure that corrective actions and recommendations were implemented appropriately.</p>	
<b>Explanation for departure</b>	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The independence of the internal audit function is derived from its direct reporting and unencumbered access to the Audit Committee.</p> <p>To accomplish its primary objectives in examining and evaluating whether the Group’s internal control and governance process is adequate and functioning properly, the internal auditors are authorised to have full and unrestricted access to the Group’s operations, activities, information, records, properties and personnel to the performance of internal audit at any time.</p> <p>The Internal Audit Department (IAD) has 3 staff who possess tertiary qualifications and is led by Ms Tey Lay Shiang as the Senior Internal Auditor. She holds a Bachelor degree in Accounting (Honours) and is a member of the Association of Chartered certified Accountants (UK).</p> <p>The responsibilities of the IAD include developing the annual audit plan execution and reporting the audit results for the Group. As such, the IAD:</p> <ul style="list-style-type: none"><li>- prepares the detailed Annual Audit Plan for submission to the Audit Committee for approval</li><li>- carries out all activities to conduct the audits in accordance with the audit plan</li><li>- discussions of audit finding and recommendations for improvement and implementation with the respective departments audited and</li><li>- submits quarterly reports to the Audit Committee</li></ul> <p>The IAD reports to the Audit Committee on the follow-up audits on the status of implementation on the recommendations. The regular monitoring is to ensure the integrity and effectiveness of the Group’s system of internal control.</p>

<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of an effective communication channel between the Board, shareholders and various stakeholders. The annual reports, press releases, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.</p> <p>The Annual General Meeting is the principal forum for dialogues with shareholders. General Meetings are important platforms for Directors to engage shareholders to facilitate greater understanding of the Company's governance, performance and address their concerns. At the AGM, the Chairman encourages active participation from the shareholders during the Questions and Answers session to clarify their concerns.</p> <p>Investor relations activities such as meetings with fund managers, analysts, institutional shareholders and investors are attended to by the Managing Director and Head of Corporate Affairs.</p> <p>The Group maintains a website at <a href="http://www.desb.net">www.desb.net</a> for shareholders and the public to access information in respect of the Group's background and business, Board and Management, corporate governance, terms of reference and financial performance for easy reference.</p> <p>As there may be instances where investors and shareholders may prefer to express their concerns to an Independent Director, Mr Koh Ek Chong continues to play his role as the Independent Director of the Board to whom concerns may be conveyed. Mr Koh is also the Chairman of the Audit Committee of the Board and a member of the Joint Remuneration and Nomination Committee.</p> <p>His email contact is <a href="mailto:kohekchong@hotmail.com">kohekchong@hotmail.com</a>.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Dayang Group has yet to adopt integrated reporting based on a globally recognised framework.	
		The Board would like to allow an advocacy period for the awareness of integrated reporting to be better apprehended by Management personnel before it is adopted. At present, the Board is of the view that the Company’s Annual Report is comprehensive enough for stakeholders to make informed decisions.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Notice of Annual General Meeting (AGM) to shareholders is dated 25 April 2018 which is 28 days' notice for holding the Company's AGM on 24 May 2018. This goes above and beyond the 21 days' requirement under Section 316(2) of the Companies Act 2016 and Paragraph 7.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The Notice of AGM outlines the resolutions to be tabled at the said meeting and is accompanied with explanatory notes where applicable to enable shareholders to make informed decisions in exercising their voting rights.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All Directors attended the Company's 11<sup>th</sup> Annual General Meeting (AGM) in 2017.</p> <p>The Chairman of Audit Committee, Joint Remuneration &amp; Nomination Committee and Risk Management committee as well as the External Auditors were present at the AGM and were available to respond to shareholders queries.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The location of General Meetings has always been held in Miri, the registered and business place of the Company.  A shareholder of the Company can vote in person or appoint a proxy to attend and vote on his/her behalf.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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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