

CORPORATE GOVERNANCE REPORT

STOCK CODE : 8443
COMPANY NAME : Hil Industries Berhad
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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group acknowledges the pivotal role played by the Board of Directors in the stewardships of its direction and operations. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for Management and monitoring the achievement of these goals.</p> <p>The Board of Hil Industries Berhad is committed to exhibit high standards of corporate governance. In fulfilling its role as stewards of the Company and its subsidiaries (collectively referred to as the Group), the Board is dedicated to discharge its duties with due care, skill and diligence.</p> <p>To ensure the effective discharge of its function and responsibilities, the Board has delegated specific responsibilities to three (3) sub-committees (Audit, Nominating and Remuneration Committees).</p> <p>These Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.</p>

	<p>The daily operations have been delegated to management. Management has been given the authority to decide on operation matters within certain set limits where quick decisions are important to the growth and success of the Company. Management is however accountable to the Board and must refer to the Board for decision where the matters are material and involves strategic decisions.</p> <p>The Group’s sustainability initiatives reflect its continuous drive towards maximising opportunities for strong fiscal growth and optimising operational efficiency in tandem with the long term value creation based on economic, environmental and social considerations. Details of the Group’s sustainability efforts are set out in its Sustainability Report 2017.</p>
	<p>The Board provides stewardship to the Group’s strategic direction and operations, and ultimately the enhancement of shareholders’ value. The Board is primarily responsible for:</p> <ul style="list-style-type: none"> • Reviewing and adopting the strategic plans for the Group; • Overseeing the conduct and performance of the Group to ensure they are being properly and appropriately managed; • Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; • Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management; • Developing and implementing investor relations programme or shareholders communication policy for the Group; and • Reviewing the adequacy and integrity of the Group’s management information and internal control systems.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application :	Applied
Explanation on application of the practice :	<p>Tan Sri Dato' Ng Boon Thong @ Ng Thian Hock is the Chairman of the Company. His profile can be viewed on page 4 of the Company's Annual Report. He provides leadership so that the Board can perform its responsibilities effectively.</p> <p>As provided under the Company's Board Charter, the Chairman is responsible for, among others:</p> <ul style="list-style-type: none">• Leading the Board in setting the values and standards of the Company;• Sets the board agenda and ensures that board members receive complete and accurate information in a timely manner;• Ensures that Directors receive Board papers in a timely manner and that Directors are properly briefed on issues arising in board meetings.• Leads board meetings and discussion;• Encourages active participation and allows views including dissent to be freely expressed.• Ensures that every Board resolution is put to vote and the will of majority prevails.• Plays a key role in the conduct of the General Meetings• Encouraging all Directors to play an active role in Board activities; and• Ensuring the provision of accurate, timely and clear information to Directors.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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 roles of the Chairman and Managing Director are separate and clearly defined and are held by two distinct individuals. Tan Sri Dato' Ng Boon Thong @ Ng Thian Hock is the Non-Independent & Executive Director and Chairman of the Board whereas Dato' Milton Norman Ng Kwee Leong is the Managing Director of Hil Industries Berhad with providing the necessary support for the Chairman.</p> <p>The Chairman is primarily responsible for the orderly conduct and working of the Board and is supported by the Managing Director, Dato' Milton Norman Ng Kwee Leong. The Managing Director has the overall responsibility for the day-to-day running of the business and implementation of Board policies and decisions. The separation of power seeks to facilitate an appropriate balance of power to prevent any single individual from dominating deliberations and the decision-making process.</p> <p>The respective duties and responsibilities of the Chairman and the Managing Director are contained in the Board Charter.</p>
Explanation for departure	:	<p>MCCG recommends that the Chairman of the Board to be a non-executive member of the Board. The Company's Chairman, Tan Sri Dato' Ng Boon Thong @ Ng Thian Hock, is not an Independent Director by virtue of his substantial interest in the Group. The Board believes that the Chairman, being an executive member, is competent to act on behalf of the shareholders in their best interest and does not recommend the necessity of nominating an Independent Non-Executive Chairman at this juncture.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary of Hil Industries Berhad is Mr. Cheam Tau Chern. He is a member of the Malaysian Institute of Accountants ("MIA") and a Fellow of the Association of Chartered Certified Accountants ("FCCA") and is qualified to hold the position under Section 235 of the Companies Act, 2016. He was appointed as the Company Secretary of the Group on 30 June 2017.</p> <p>The Company Secretary supports the Board and the relevant Board Committees to ensure their effective functioning in accordance with their terms of reference and best practices, and in managing the corporate governance framework of the Group. The Company Secretary also advises the Directors on their fiduciary and statutory duties, as well as compliances with the company law, the Main Market Listing Requirements ("MMLR"), the Company's Memorandum and Articles of Association ("Constitution"), the Malaysian Code on Corporate Governance ("MCCG"), Board adopted policies and other pertinent regulations governing the Company, including guiding the Board towards the necessary compliances.</p> <p>The Company Secretary has a direct functional reporting line to the Chairman and has been accorded with appropriate standing and authority to enable him to discharge his duties in an impartial and effective manner. The appointment or removal of the Company Secretary is the prerogative of the Board.</p> <p>The Company Secretary had and will continue to constantly keep himself abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters and with changes in the same regulatory environment, through continuous training and industry updates. He has also attended many relevant training and professional development programmes.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its function and duties.</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 Board recognises the importance of information supply in promoting informed Board discussions and deliberations. The Chairman, together with Management and Company Secretary, are responsible for ensuring Directors receive adequate and timely information prior to Board or Board Committee meetings.</p> <p>The Board meets regularly during the year, with the annual meeting diary tentatively made in advance to facilitate Directors' planning. There is a formal schedule of matters (including quarterly financial results, strategic business issues, and the annual business plan) reserved for discussion at the scheduled Board meetings.</p> <p>All Board meetings are structured with a pre-set agenda. Board papers providing updates on operation, financial and corporate developments as well as minutes of meetings of the Board Committees are circulated 7 days prior to the meetings to give Directors time to deliberate on the issues to be raised at the meetings.</p> <p>The deliberations and conclusions of issues discussed in the Board meetings are duly recorded in the Board minutes, the draft of which is circulated for the Chairman's review within a reasonable timeframe after the meeting. The meeting minutes capture the decisions made, including the key deliberations, rationale for each decision made, and any significant concerns or dissenting views.</p> <p>The decisions made at the Board meetings are also communicated to Management in a timely manner to ensure appropriate execution.</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 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	:	<ul style="list-style-type: none">• The Board is guided by its Board Charter which clearly sets out the Board's strategic intent, roles and responsibilities in discharging its fiduciary and leadership functions.• Any subsequent amendment to the Charter can only be approved by the Board. Apart from setting out the roles and responsibilities of the Board, the Board Charter also outlines the membership guidelines, procedures for Board Meetings, Directors' remuneration, and investor relations and shareholder communication.• The Board Charter is reviewed periodically and updated in accordance with the needs of the Group to ensure its effectiveness and consistency with the Board's objectives and corporate vision. <p>The Board Charter is accessible for reference on the Group's website, http://www.hil.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website

Application	:	Applied
Explanation on application of the practice	:	<p>The Code of Conduct serves as a formal commitment by employees to conduct themselves professionally at all times and to do business in a transparent, appropriate and fair manner. The Code of Conduct is available on the Group's website, http://www.hil.com.my</p> <p>The Code of Conduct covers the following overarching areas:</p> <ul style="list-style-type: none">• Conducting business ethically, fairly and with honesty;• Complying with laws including abuse of power, corruption, insider trading and money laundering;• Data protection and privacy laws;• Protection and proper use of corporate assets;• Maintaining complete and accurate business records; and• Respecting others in the workplace and society. <p>All employees of the Group are required to acknowledge that they have received, read and understood the provisions of the Code of Conduct.</p> <p>The Board reviews the Code of Conduct periodically or as and when the need arises to ensure it is kept contemporaneous.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's whistleblowing Policy provides an avenue for all the employees to report in good faith, belief and without malicious intent, on any suspected misconduct or actual wrongdoing by another employee or any person who has dealings with the Group.</p> <p>The main objective of the Whistleblowing Policy is to provide an objective point of escalation for employees or stakeholders to disclose in a bona fide manner any suspected acts of wrongdoings without any fear of reprisal. The Whistleblowing Policy provides guidelines for the reporting and the investigation of any wrongdoings. The other channels for whistleblowing can be accessed at the Group's website, http://www.hil.com.my</p> <p>The Board together with Management, reviews the Whistleblowing Policy periodically or as and when the need arises to ensure it is kept contemporaneous.</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 comprises six (6) members, three (3) of which are Independent Directors as follows:</p> <ul style="list-style-type: none">• Tan Sri Dato' Dr. Sak Cheng Lum• Mat Ripen Bin Mat Elah• Ooi Hock Guan <p>There is balance in the Board because of the presence of three (3) Independent Non-Executive Directors who are of the caliber necessary to carry sufficient weight in Board decisions thus enabling adequate Board representation of the interest of minority shareholders.</p> <p>The Nominating Committee has assessed the Board composition and is satisfied that the current size and composition of Directors is adequate to provide a balance mix of skills and experience, as well as the objectivity required in the boardroom.</p>
Explanation for departure	:	
<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
Explanation on application of the practice	:	<p>Tan Sri Dato' Dr. Sak Cheng Lum and Ooi Hock Guan, who has served on the Board for a cumulative terms of more than nine (9) years; Mat Ripen Bin Mat Elah, who have served on the Board for a cumulative terms of more than twelve (12) years, remains objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their services on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of the Company. They have exercised due care during their tenure as Independent Non-Executive Directors of the Company and have carried out their professional duties in monitoring and recommendations for implementation to enhance value to the Company and Group.</p> <p>Tan Sri Dato' Dr. Sak Cheng Lum, Mat Ripen Bin Mat Elah and Ooi Hock Guan have offered themselves for re-appointment as Directors of the Company at the forthcoming Forty-Eighth Annual General Meeting. In view thereof, the Board has recommended that the approval of the shareholders be sought to retain them as Independent Non-Executive Directors of the Company. The Board should seek shareholders' approval through a two-tier voting process to retain the independent directors who have served on the Board for a cumulative terms of more than twelfth years.</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 4.3 - Step Up

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

Application	:	Not applicable
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognizes the benefits of diversity at leadership and employee level. Having a range of diversity dimensions brings different perspectives to the boardroom and to various levels of Management within the Group.</p> <p>The Nominating Committee is responsible to lead the process for the nomination of new Board appointments and making the necessary recommendations. In this respect, the role of the Nominating Committee is detailed in its Terms of Reference, which is accessible for reference on the Group's website, http://www.hil.com.my</p> <p>In making its recommendations to the Board, the Nominating Committee considers and assess the suitability of a new appointment based on objective criteria, including:</p> <ul style="list-style-type: none"> • Skills, knowledge, expertise and experience; • Professionalism; • Integrity; and • In the case of candidates for the position of Independent Non-Executive Directors, the Nominating Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors. <p>In respect of the appointment of Directors, the Company practices a clear and transparent nomination process which involves the following five (5) stages:</p> <p>Stage 1: Identification of candidates Stage 2: Evaluation of suitability of candidates Stage 3: Meeting up with candidates Stage 4: Final deliberation by the Nominating Committee Stage 5: Recommendation to 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	:	Not applicable
Explanation on application of the practice	:	
Explanation for departure	:	Not applicable as the Company is not a large Company as defined by MCGG.
<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 Nominating Committee is responsible for recommending suitable candidates for Directorships to the Board. In undertaking this responsibility, the Nominating Committee leverages on several sources to “cast a wider net” and gain access to a wide pool of potential candidates. The responsibilities of the Nominating Committee in this regard are outlined in its Terms of Reference.</p> <p>In evaluating potential candidates, the Nominating Committee will assess directorship suitability based on objective criteria, including:</p> <ul style="list-style-type: none"> • Qualification; • Skills, knowledge, expertise and experience; • Professionalism • integrity; and • Time commitment to the Company. <p>In searching for suitable candidates, the Nominating Committee may receive suggestions from existing Board Members, Management, and major shareholders. The Committee is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nominating Committee is chaired by the Independent and Non-Executive Director, Mat Ripen Bin Mat Elah. The membership of the Nominating Committee is outlined below:</p> <ol style="list-style-type: none">1) Mat Ripen Bin Mat Elah (<i>Independent and Non-Executive Director and Chairman of the Remuneration Committee</i>)2) Dato' Milton Norman Ng Kwee Leong (<i>Non-Independent and Executive Director</i>)3) Ooi Hock Guan (<i>Independent and Non-Executive Director</i>) <p>The role of Chairman of the Nominating Committee includes the following:-</p> <ul style="list-style-type: none">• Annually review the required mix of skills and experience and other qualities, including core competencies which Non-Executive and Executive Directors should have;• Assess on annual basis, the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual Director, including Independent Non-Executive Directors, as well as the Managing Director;• Assess on annual basis, the tenure of an Independent Director• Recommends to the Board, candidates for all directorship to be filled by shareholders or the Board, including those proposed by the Managing Director or any senior executives of the Company;• Recommends to the Board, Directors to fill the seats on Board Committees; and• Carry out its responsibilities with the assistance and services of a Company Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the MMLR of the Bursa Securities or other regulatory requirements. <p>In addition, Mat Ripen Bin Mat Elah acts as a sounding board for the Chairman and serves as an intermediary for the other Directors. He also acts as the point of contact to whom stakeholders' concerns or queries may be raised.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nominating Committee is responsible for the Board Effectiveness Evaluation (BEE) process, covering the Board, Board Committees and individual Directors, including Independent Directors.</p> <p>The Nominating Committee, upon conclusion of the BEE exercise, was satisfied that the Board and Board Committee composition had fulfilled the criteria required, possess a right blend of knowledge, experience and the appropriate mix of skills. In addition, there was mutual respect amongst individual Directors which contributed to a healthy environment for constructive deliberation and robust decision-making process. Independent Directors were assessed to be objective in exercising their judgment.</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	:	<ul style="list-style-type: none"> • The objective of the Group’s remuneration policy is to attract and retain the Directors and Senior Management required to lead and control the Group effectively. • In the case of Executive Director and Senior Management, the components of the remuneration package are linked to corporate and individual performance.
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 in a place a Remuneration Committee which comprising a majority of Non-Executive Directors. The membership of the Remuneration Committee is outlined below:</p> <ol style="list-style-type: none">1) Mat Ripen Bin Mat Elah (<i>Independent and Non-Executive Director and Chairman of the Remuneration Committee</i>)2) Dato' Milton Norman Ng Kwee Leong (<i>Non-Independent and Executive Director</i>)3) Ooi Hock Guan (<i>Independent and Non-Executive Director</i>) <p>The Remuneration Committee evaluates the remuneration packages of senior management executives and recommends for the Board's approval, the framework of executive remuneration of the Executive Director's remuneration package.</p> <p>The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.</p> <p>Executive Directors should play no part in decision on their own remuneration. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of these Directors. Non-Executive Directors' fees are determined by the Board as a whole with the Director concerned should obtain from discussion of their own remuneration.</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 :	<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. The level of remuneration for the Managing Director is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian listed issuers.</p> <p>The remuneration of Non-Executive Directors is approved by shareholders at the AGM of the Company, as prescribed by the Company's Constitution and the Companies Act 2016.</p> <p>The details for the remuneration of Directors for the financial year ended 31 December 2017 for the Group and the Company are as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Salaries</th> <th>Bonuses</th> <th>E.P.F. (Employer)</th> <th>Socso (Employer)</th> <th>Fees</th> <th>Total</th> </tr> <tr> <th></th> <th>RM</th> <th>RM</th> <th>RM</th> <th>RM</th> <th>RM</th> <th>RM</th> </tr> </thead> <tbody> <tr> <td colspan="7">Executive directors' remuneration</td> </tr> <tr> <td>Dato' Milton Norman Ng Kwee Leong</td> <td>576,000</td> <td>48,000</td> <td>74,880</td> <td>829</td> <td>-</td> <td>699,709</td> </tr> <tr> <td>Malcolm Jeremy Ng Kwee Seng</td> <td>96,000</td> <td>8,000</td> <td>12,480</td> <td>829</td> <td>-</td> <td>117,309</td> </tr> <tr> <td colspan="7">Non-Executive directors' remuneration</td> </tr> <tr> <td>Mat Ripen bin Mat Elah</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>2,000</td> <td>2,000</td> </tr> <tr> <td>Total</td> <td>672,000</td> <td>56,000</td> <td>87,360</td> <td>1,658</td> <td>2,000</td> <td>819,018</td> </tr> </tbody> </table>		Salaries	Bonuses	E.P.F. (Employer)	Socso (Employer)	Fees	Total		RM	RM	RM	RM	RM	RM	Executive directors' remuneration							Dato' Milton Norman Ng Kwee Leong	576,000	48,000	74,880	829	-	699,709	Malcolm Jeremy Ng Kwee Seng	96,000	8,000	12,480	829	-	117,309	Non-Executive directors' remuneration							Mat Ripen bin Mat Elah	-	-	-	-	2,000	2,000	Total	672,000	56,000	87,360	1,658	2,000	819,018
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Explanation for departure :																																																									

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

Measure :

Timeframe :

Intended Outcome

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	Applied													
Explanation on application of the practice	<p>Remuneration paid to the top five (5) Senior Management (not including Managing Director) of Hil Industries Berhad in bands of RM50,000, on named basis for the financial year ended 31 December 2017 are as follows:</p> <table border="1" data-bbox="560 786 1394 1025"> <thead> <tr> <th data-bbox="560 786 1043 824">Top Five (5) Senior Management</th> <th data-bbox="1043 786 1394 824">Range of Remuneration</th> </tr> </thead> <tbody> <tr> <td data-bbox="560 824 1043 862">Malcolm Jeremy Ng Kwee Seng</td> <td data-bbox="1043 824 1394 862">RM150,001 to RM200,000</td> </tr> <tr> <td data-bbox="560 862 1043 900">Azirul Hisham bin Yusoff</td> <td data-bbox="1043 862 1394 900">RM 100,001 to RM150,000</td> </tr> <tr> <td data-bbox="560 900 1043 938">Sahar Shah bin Atan</td> <td data-bbox="1043 900 1394 938">RM50,001 to RM100,000</td> </tr> <tr> <td data-bbox="560 938 1043 976">Mohd Fitry bin Marzuki</td> <td data-bbox="1043 938 1394 976">RM50,001 to RM100,000</td> </tr> <tr> <td data-bbox="560 976 1043 1025">Wong Chien Seng</td> <td data-bbox="1043 976 1394 1025">RM50,001 to RM100,000</td> </tr> </tbody> </table> <p>The remuneration of the top five (5) Senior Management of the Company disclosed above is on an aggregate basis which including salary, bonus, benefits in-kind and other emoluments. The disclosure of how the remuneration is measured allows stakeholders to understand the link between Senior Management remuneration and the performance of the Group. This will also enable stakeholders to determine whether the remuneration is fair.</p> <p>The Board ensures that the remuneration of Senior Management is commensurate with the performance of the Company, with due consideration to attracting, retaining and motivating Senior Management to lead and run the Company successfully. Excessive remuneration pay-outs are not made to Senior Management personnel in any instance.</p>		Top Five (5) Senior Management	Range of Remuneration	Malcolm Jeremy Ng Kwee Seng	RM150,001 to RM200,000	Azirul Hisham bin Yusoff	RM 100,001 to RM150,000	Sahar Shah bin Atan	RM50,001 to RM100,000	Mohd Fitry bin Marzuki	RM50,001 to RM100,000	Wong Chien Seng	RM50,001 to RM100,000
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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 7.3 - Step Up

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

Application	:	Not applicable
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors has established an Audit Committee which is chaired by the Senior Independent Non-Executive Director, Mat Ripen Bin Mat Elah. Meanwhile, the Chairman of the Board is Tan Sri Dato' Ng Boon Thong @ Ng Thian Hock.</p> <p>As such, the Chairman of the Audit Committee is distinct from the Chairman of the Board. Having the positions of Board Chairman and Chairman of the Audit Committee assumed by different individuals allows the Board to objectively review the Audit Committee's findings and recommendations.</p> <p>The possession of sound financial understanding and experience equips the Chairman of the Audit Committee with the ability to lead discussions and deliberations and ultimately be satisfied that the end result fairly reflects the understanding of the Audit and Compliance Committee.</p> <p>His full profile can be viewed on page 4 of the Company's Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	<ul style="list-style-type: none">• The Audit Committee comprises three (3) members, all of whom are Independent and Non-Executive Directors.• None of the Audit Committee members were former key audit partners of the Company's external auditors.• The Audit Committee has incorporated a policy stipulation that governs the appointment of a former key audit partner to the Audit Committee.• The Group will observe a cooling-off period of at least two (2) years before he can be considered for appointment as a Committee member.
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 Committee undertakes an annual assessment of the suitability and independence of the external auditors. It is the policy of the Audit Committee to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and the Company's financial statements. At least one of these meetings is held without the presence of the Executive Directors and the Management. The Audit Committee also meets with external auditors additionally whenever it deems necessary.</p> <p>The Audit Committee was further assured by Messrs. HLB Ler Lum by way of written confirmation that its personnel were and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Pursuant to the assessment on the suitability and independence of the external auditor, the Audit Committee made its recommendation to the Board on the re-appointment on the external auditor alongside the accompanying audit fees.</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	:	Not applicable
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 8.5

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 Audit Committee comprises of three (3) members as follows:</p> <ol style="list-style-type: none">1) Mat Ripen Bin Mat Elah (<i>Chairman of the Audit Committee and Senior Independent Non-Executive Director</i>)2) Tan Sri Dato' Sak Cheng Lum (<i>Independent Non-Executive Director</i>)3) Ooi Hock Guan (<i>Independent Non-Executive Director</i>) <p>Collectively, the Audit Committee possesses a wide range of necessary skills to discharge its duties. All members of the Audit Committee are financially literate, whilst one committee member is a Professional Member of the Institute of Internal Auditors Malaysia.</p> <p>The members of the Audit Committee have undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>During the Audit Committee Meetings, the members were briefed by the external auditor, Messrs. HLB Ler Lum on the following key areas:</p> <ul style="list-style-type: none">• Financial Reporting developments;• Malaysian Financial Reporting Standards;• Malaysian Code on Corporate Governance; and• Other changes in regulatory environment. <p>The Audit Committee should review and provide advice on whether the financial statements taken as whole provide a true and fair view of the company's financial position and 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

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 :	<ul style="list-style-type: none">• The Board recognizes the importance of a sound risk management framework and internal control systems for good corporate governance and acknowledges its primary responsibility to ensure that principal risks in the Group are identified, measured and managed with appropriate system of internal controls, and to ensure that the effectiveness, adequacy and integrity of the internal control system are reviewed on an ongoing basis.• The Board affirms its overall responsibility for the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls. However, it should be noted that such system, by its nature, manages but not eliminates risks and therefore can provide only reasonable and not absolute assurance against material misstatement, loss or fraud.
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 has established an organizational structure with clearly defined lines of authorities and job responsibilities to enhance accountability.</p> <p>An informal risk management is carried out throughout the year, for identifying, evaluating, managing and reporting the significant risks that may be faced by the Group.</p> <p>The Board has empowered the Managing Director, who formed various task forces/project committee comprising Executive Directors/General Manager and key senior management personnel to assist him, in reviewing and managing the significant risk faced by the various operating units to achieve their respective business objectives of the Group. The Managing Director will inform the Board of any pertinent matters, which require decision-making at Board level.</p> <p>The Managing Director and his senior management team, through their day to day involvement in the operations of the Group, ensure the ongoing maintenance, monitoring, reviewing and reporting arrangements have been put in place to provide reasonable assurance that the structure of controls and operation is appropriate to the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 applicable
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	:	<ul style="list-style-type: none"> • The Board acknowledges their responsibilities for the internal control system of the Group, covering not only financial controls but also controls relating to operations, compliance and risk management. The Board, in fulfilling their responsibilities, had set-up Audit Committee and outsourced the internal audit function of the Group to independent consulting firm to assist the Board on these matters. • The Board is of the view that the current system of internal controls in place throughout the Group sufficient to safeguard the shareholders' investment, interest of customers, employees and stakeholders, and the Group's assets. • The Board is satisfied that the Group's adequacy of the existing system of risk management and internal control which operates satisfactorily to prevent any significant breakdown or weakness that give the rise to material losses incurred by the Group. • The system of internal controls will continue to be reviewed, enhanced or updated in line with changes in the operating environment. • The Board will seek regular assurance on the continuity and effectiveness of the internal control system through independent appraisals by the internal auditors.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies 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 function had been outsourced to a professional firm, IBDC (Malaysia) Sdn Bhd (“IBDC”) since the last quarter of 2003 and it report directly to the Audit Committee on a timely manner. IBDC assists the Audit Committee, in obtaining sufficient assurance of regular review and appraisal of the effectiveness of the system of internal control within the Group.</p> <p>The remit of the Group’s internal audit function is set out to provide assurance to the Audit Committee that internal audit activities are performed with impartially, proficiency and due professional care.</p> <p>The Audit Committee reviews and subsequently approves the Annual Internal Audit Plan and ensures Group’s internal audit is accorded with appropriate standing and authority to facilitate the discharge of its duties.</p> <p>The internal audit function is guided by the International Standards for the Professional Practice of internal Auditing set by the Institute of Internal Auditors.</p> <p>With the adoption of risk-based approach, the internal audit function is able to focus its work on principal risk areas and processes of the business operation units.</p> <p>The internal audit function undertakes systematic and timely review of the system of internal controls in order to provide reasonable assurance that operation such controls, including system of compliance with applicable laws, regulations and guidelines are adequate, efficient and effective.</p> <p>The audit personnel from IBDC is free from any relationships or conflicts of interest, which could impair the objectivity and independence.</p>

	<p>The details of the audit personnel from IBDC are as follows:-</p> <table border="0"> <thead> <tr> <th data-bbox="571 232 675 264"><u>Name</u></th> <th data-bbox="890 232 1249 264"><u>Qualification & Accreditation</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="571 271 794 409"> 1.Mr. Yeoh Chin Hoe (<i>Director-In-Charge</i>) </td> <td data-bbox="842 271 1374 622"> - IIAM Chartered Audit Committee Director (No. 0039) - Fellow of Association of Chartered Certified Accountants (ACCA) - Member of Malaysian Institute of Accountants (MIA) - Member of Malaysia Institute of Certified Public Accountants (MICPA) - Master Degree in Business Administration (General Management) </td> </tr> <tr> <td data-bbox="571 629 794 730"> 2. Ghitha Kerubanandan (<i>Consultant</i>) </td> <td data-bbox="842 629 1374 696"> - IIAM Associate Member (No. 211255) - Bachelor of Accounting (Hons.) </td> </tr> <tr> <td data-bbox="571 736 794 907"> 3. Kanagaa Balasubramaniam (<i>Associate Consultant</i>) </td> <td data-bbox="842 736 1374 837"> - IIAM Associate Member (No. 211256) - Bachelor of Accounting and Finance (Hons.) </td> </tr> </tbody> </table>	<u>Name</u>	<u>Qualification & Accreditation</u>	1. Mr. Yeoh Chin Hoe (<i>Director-In-Charge</i>)	- IIAM Chartered Audit Committee Director (No. 0039) - Fellow of Association of Chartered Certified Accountants (ACCA) - Member of Malaysian Institute of Accountants (MIA) - Member of Malaysia Institute of Certified Public Accountants (MICPA) - Master Degree in Business Administration (General Management)	2. Ghitha Kerubanandan (<i>Consultant</i>)	- IIAM Associate Member (No. 211255) - Bachelor of Accounting (Hons.)	3. Kanagaa Balasubramaniam (<i>Associate Consultant</i>)	- IIAM Associate Member (No. 211256) - Bachelor of Accounting and Finance (Hons.)
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Explanation for departure :									

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

Measure :

Timeframe :

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the need to inform shareholders of all material business matters affecting the Company. The Company is committed to provide shareholders with timely and equal dissemination of material information in order to enhance the transparency and accountability.</p> <p>The Board recognises the importance of an effective communication channel between the Board, shareholders and general public, and at the same time, full compliance with the disclosure requirements as set out in the Listing Requirements.</p> <p>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 Board aims to maintain a positive relationship with the different group of stakeholders through active two-way communication, and to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders' understanding of the Group, its core businesses and operations, thereby, enabling investors to make informed decisions in valuing the Company's shares.</p> <p>Hil Industries Berhad is also of the view that the AGM is an important opportunity to meet shareholders and address their concerns. At the AGM, the Managing Director will provide a presentation of the Group's annual operating and financial performance, followed by a Questions and Answers session during which the Chairman encourages shareholders' active participation, including clarifying and questioning the Group's strategic direction, business operations, performance and proposed resolutions. Senior Management of the Group are also present to handle other face-to-face inquiries from the shareholders.</p> <p>Stakeholders can at any time seek clarification or raise queries through the corporate website – "Contact Us", by email or phone. Primary Contact details are set out at the group's website.</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	:	Not applicable	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable as the Company is not a large Company as defined by MCGG.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the AGM as an invaluable platform for shareholders to engage both the Board and Senior Management in a productive dialogue and provide constructive feedback that contributes to the overall performance of the Group. The Board therefore endeavours to provide shareholders with adequate time to consider the resolutions that will be discussed and decided upon during the AGM and to facilitate informed decision-making by the shareholders.</p> <p>In this regard, the notice for the upcoming AGM in 2018 was provided to shareholders on 30 April 2018, at least 28 days before the meeting, which will be held on 21 June 2018. This goes above and beyond Section 316(2) of Companies Act 2016 and paragraph 7.15 of Main Market Listing Requirements by Bursa Malaysia Securities Berhad which call for a 21-days' notice period for public companies or listed issuers respectively.</p> <p>The notice for AGM outlines the resolutions to be tabled during the said meeting and is accompanied with explanatory notes and background information where applicable, to shed clarity on the matters that will be decided at the AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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>The Board acknowledges its responsibility to engage shareholders and provide meaningful responses to their questions. In demonstrating this commitment to shareholders, all Directors have attended the previous year's AGMs. This is aided by ensuring any general meeting is scheduled in advance to ensure full attendance of the Board.</p> <p>The Chairman of the Board encourages shareholders' active participation during AGMs and other general meetings by giving sufficient time to the floor during the Questions and Answers session.</p> <p>The Chairmen of the Board Committees of the Company are as follows:</p> <table border="1"> <thead> <tr> <th>Board Committees</th> <th>Chairman</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>Mat Ripen Bin Mat Elah</td> </tr> <tr> <td>Nominating Committee</td> <td>Mat Ripen Bin Mat Elah</td> </tr> <tr> <td>Remuneration Committee</td> <td>Mat Ripen Bin Mat Elah</td> </tr> </tbody> </table> <p>The Chairman of the above Committees was present to facilitate discussions and address any questions shareholders may have on matters that fall under the purview of the Committees.</p>	Board Committees	Chairman	Audit Committee	Mat Ripen Bin Mat Elah	Nominating Committee	Mat Ripen Bin Mat Elah	Remuneration Committee	Mat Ripen Bin Mat Elah
Board Committees	Chairman									
Audit Committee	Mat Ripen Bin Mat Elah									
Nominating Committee	Mat Ripen Bin Mat Elah									
Remuneration Committee	Mat Ripen Bin Mat Elah									
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 but not applicable
Explanation on application of the practice	:	
Explanation for departure	:	<p>Hil Industries Berhad do not need remote shareholders' participation at General Meetings as the Company do not have large number of shareholders or which have meetings in remote locations.</p> <p>The upcoming 48th AGM on 21 June 2018 will be held at Bukit Kemuning Golf & Country Resort, Lot 6031, Batu 7, Bukit Kemuning, 42450 Shah Alam.</p> <p>A shareholder of the Company can vote in person or appoint a proxy to attend and vote on his/her behalf. Voting at the AGM is by poll using physical ballot papers currently.</p> <p>The Company intends to utilise an electronic voting system to expedite the voting and facilitate the tabulation process in a seamless manner in near future to shorter turnaround time for declaration of results.</p> <p>.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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