

Corporate Governance Statement

The Board of Directors (“Board”) of Bina Darulaman Berhad (“the Company” or “BDB”) has always been proactive and committed to promote good corporate governance practices. The Board always believes that a strong corporate governance is essential in enhancing shareholders’ value for long-term sustainability and growth.

This statement sets out the principles and features of BDB Group’s corporate governance framework and key governance practices. We do not see governance as just a matter for the Board. Good governance is also the responsibility of senior management and all employees.

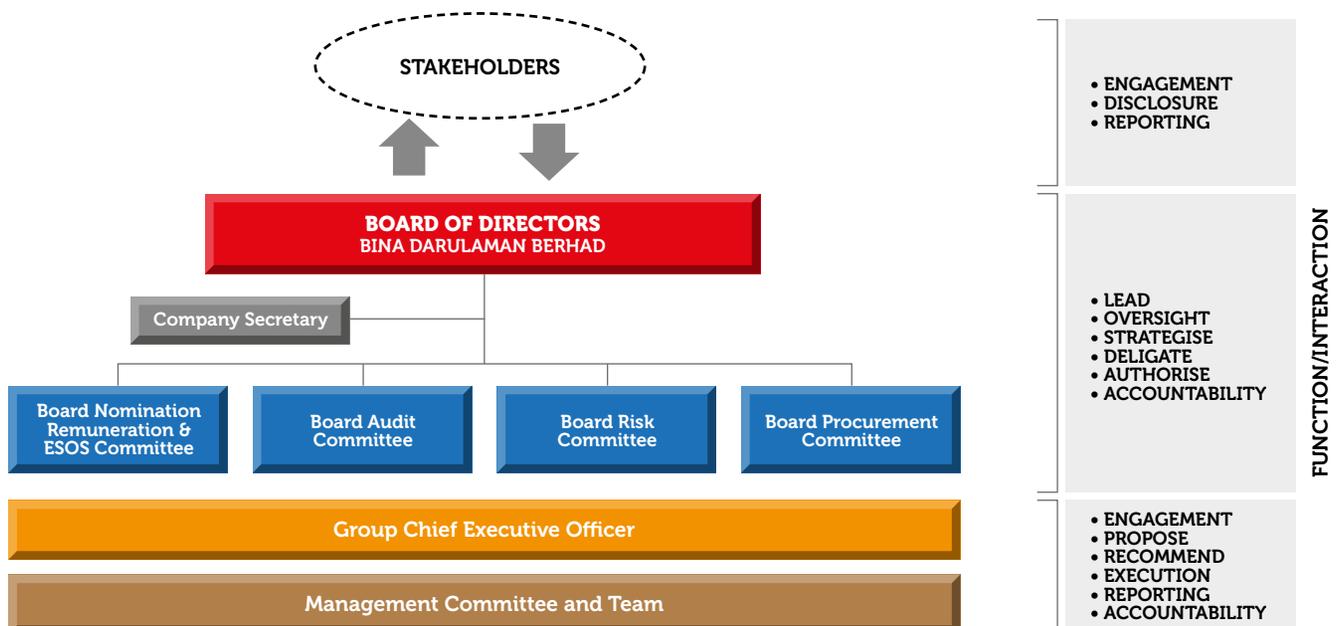
We benchmark the statement against the Malaysian Code on Corporate Governance 2017 (New CG Code) on 26 April 2017 and is committed to ensure that the principles and best practices set out in the new Code are understood, applied and reported.

In reference to 2017 CG Statement, we will continue our efforts in evaluating its governance practices, in response to evolving best practices and the changing needs of BDB. In brief, BDB has applied the three (3) principles which are set out in the New CG Code:

- A. Board leadership and effectiveness;
- B. Effective audit and risk management; and
- C. Integrity in corporate reporting and meaningful relationship with stakeholders.

CORPORATE GOVERNANCE STRUCTURE

As an overview, BDB has the following corporate governance structure. It explains how BDB’s structure facilitated the role and function at each level, a two-way interaction between the Board, the Board Committees and the Group Chief Executive Officer, down to the management and operational level. At the same time, the actions, execution of plans, reporting and accountability will flow back upwards to the Board for further evaluation and decision.



Corporate Governance Statement (Continued)

Due to the demise of the Group Managing Director on 13.3.2018, the Board had on 16.3.2018 approved the re-activation of Executive Committee (“EXCO”) as delegation authority from the Board to assist the Management to decide on important and urgent issues, day-to-day operations and other business dealings until a new Group CEO is appointed.

The EXCO comprises the following members:

- | | | | |
|----|---|------------|--------------------------------|
| 1. | Haji Abdul Rahman bin Abdullah | (Chairman) | |
| 2. | Encik Mohd Sobri bin Hussein | (Member) | (Resigned on 2 December 2018) |
| 3. | Encik Fakhruzi bin Ahmad | (Member) | |
| 4. | Encik Mohd Iskandar Dzulkarnain bin Ramli | (Member) | (Appointed on 3 December 2018) |

Key responsibilities of the EXCO are as follows:

- To implement all policies and decisions approved by the Board and to assist the Board in formulating and implementing strategic plans to the Group;
- To review the performance of the Group’s operating units and set the key performance indicators for the Board’s approval;
- To review and approve the terms and conditions in relation to new business dealings, joint ventures and etc. of the Group;
- To approve any expenditure which exceeds the authorised limit of the Group, but below the limit of the Board as stipulated in Delegated Authority Limit (“DAL”);
- To review and approved the acceptance of the Letter of Award for projects awarded to Bina Darulaman Berhad and Subsidiary Companies for the purpose of preparing the immediate announcement to Bursa Malaysia Securities Berhad (“Bursa Securities”);
- Any other matters that require the EXCO’s approval.

A brief description of the Board Committee and its roles and responsibilities is stated in this CG statement as well as the Board Charter and the Terms of Reference where these documents are available on the Company’s website www.bdb.com.my.

COMPLIANCE WITH THE NEW CG CODE 2017

BDB has complied with the provisions and applied the main principles of the CG Code for the financial year ended 31 December 2018 (“FYE 2018”) including:-

- (a) Practice 7.1 (The Board discloses on a named basis the detailed remuneration of individual directors).
- (b) Practice 7.2 (A step up practice whereby the Board discloses on a named basis the top 5 senior management’s remuneration in bands of RM50,000).

BDB is a “Non-Large Company” of the CG Code, we have taken best effort. However, we continue to strive for even the step-up practices. We consider we have complied with the provisions and applied the main principles of the CG Code for the financial year 2018 (“FYE 2018”) except for:-

- (a) Practice 4.5 (The Board must have at least 30% of women directors).

The CG Report checklist is available on the Company website: www.bdb.com.my under Investor Relations section.

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS

Board Responsibilities

The Board has a primary role and function to protect the interest of BDB and to provide thought leadership and advice in fine tuning corporate strategies, championing good governance and ethical practices and execution of these corporate strategies and plans for the long-term success of BDB.

The Board is responsible for the corporate governance practices that include establishing and monitoring the company's business direction as well as setting the aims and performance of the Management.

With regard to practice, the Board plays a strategic role in its review and approval of the Group's budgets and performance targets to ensure effective use of the Group's resources and profitability of the Group's businesses in an ever-changing environment.

The Board is responsible for establishing and reviewing the strategic direction of the Group. The Board also oversees and evaluates the conduct of the Group's businesses, identifies the principal risks and ensures that the risks are properly managed. In ensuring that the policies and procedures are duly implemented in the Group's operation, the Board is tasked with reviewing the adequacy of the internal control reporting statement through Board of Audit Committee.

The Board is also responsible to monitor Turnaround Recovery Plan through Change Committee ("CC"). The CC is set up to ensure policies, budget, financial performance and Turnaround Plan initiatives are followed through and implemented as approved.

Board Charter

There is a demarcation of responsibilities between the board, board committees and management. The Board Charter sets out the roles, responsibilities, composition, operation and processes of the Board of Directors. It serves to guide the Board members in discharging their duties and responsibilities diligently and effectively always. The Board Charter covers inter alia, the objectives, Role of the Board, Composition and Board balance, appointment and re-election, Board Committee's function and role, Financial Reporting, Directors Remuneration, Training, Investors communication and Code of Ethics and Conduct. The Board Charter was adopted by the Board in May 2015 and was reviewed on 17 March 2019 for enhancement.

The Board Charter is available online at www.bdb.com.my.

Code of Conduct and Ethics ("the Code of Conduct")

In the previous year, the Board has been guided by the Directors Code of Conduct. Following the new CG Code 2017 recommended that a group wide Code of Conduct to be introduced. The Board has adopted the Code of Conduct and Ethics in 2018 to promote and exemplify the Company's commitment in upholding the highest standards of business conduct and ethical behaviours that are fundamental to the preservation of the reputation and success of the Company and its subsidiaries. The Code of Conducts and Ethics is applicable to all directors, management and employees of the Company (the officer).

The provisions of the Code of Conduct are in addition to, and not in substitution for, any obligation imposed upon an officer by agreement, law or regulation.

Corporate Governance Statement (Continued)

The principles of the Code of Conduct of the Group will guide the directors, management and employees of the Company to exercise reasonable judgement when conducting the Company's business. It serves as a set of guiding principles for all employees in carrying out their duties of the Company.

A copy of this Code of Conduct can be found on the Company's website at www.bdb.com.my.

Whistle Blowing Policy

BDB and its Board of Directors are committed to upholding lawful and ethical behaviors in all its activities and require its employees to act in accordance with all applicable laws, regulations and policies and to observe high standards of business and personal ethics in the conduct of their duties and responsibilities.

In March 2018, the Board has reviewed and revised its Whistle Blowing Policy based on the Company's values and principles of integrity, honesty, accountability, responsibility and corporate social responsibility.

This policy mainly is to:

- a. Support the Company's commitment for good corporate governance and practices;
- b. Ensure employees can raise genuine concerns without fear of suffering retribution; and
- c. Provide a transparent process for dealing with concerns.

The Company encourages all genuine report of grave concerns with adverse impact on the Company, focusing on the following categories:

(a) Illegal or unlawful conduct

Conduct may be illegal or unlawful in terms of the laws of Malaysia and international law such as theft, fraud, corruption, bribery, insider trading or blackmail and therefore constitute reportable misconduct.

(b) Un-procedural conduct

Conduct may be un-procedural if it violates clearly communicated procedures (in the form of policies, regulations or rules) governing the operations. For examples: non-factual or misleading disclosure such as financial reporting, failure to comply with legal or regulatory obligations, circumvent or not following approved accounting practices and internal control guidelines and related matters.

(c) Unethical conduct

Conduct may be unethical if it undermines the Company's core ethical values, such as integrity, respect, honesty, responsibility, accountability, fairness or activities that are not in line with the Company's value and policy for example sexual harassment and engaging in activities that are endangering the health or safety of fellow employees.

(d) Wasteful conduct

Conduct may be wasteful if available resources are used in a wasteful manner that would result in significant adverse impact or material financial loss to the Company.

A copy of BDB's Whistle Blowing Policy and Procedures is available on the Company's website at www.bdb.com.my.

BDB welcome genuine concern and invite whistleblower to email at: whistleblower@bdb.com.my; or in writing to the Whistleblowing Committee at the following address: - Level 9, Menara BDB, 88 Lebuhraya Darulaman, 05100 Alor Setar, Kedah.

There is no complaint received for the Financial Year 2018.

Board Composition

In our mission to ensure an effective team and compliance with regulatory requirements, the Board size will continuously be reviewed and if necessary, improvements will be made.

Currently, the Board comprises of four (4) members, all of whom are Non-Executive Directors ("NED"). Amongst the Non-Executive Directors, three (3) are Independent Directors ("ID"). The Chairman position is vacant due to retirement based on contract and the Senior Independent Director presides the Directors meetings. This provides an effective check and balance of the Board's function and is in compliance with the Listing Requirements which require at least two (2) directors or one-third (1/3) of the Board to be independent.

The Board meets every quarter with additional meetings convened as and when necessary. For the financial year ended 31 December 2018, thirteen (13) Board Meetings were held and details of attendance of each member of the Board are stated below.

Name of Director	BOD	BAC	BNREC	BRC	BPC
Dato' Paduka Haji Rasli bin Basir (Chairman) - retired on 31.12.2018	13 / 13 (100%)	n/a	n/a	n/a	n/a
Haji Abdul Rahman bin Abdullah (Non-Independent Director)	13 / 13 (100%)	n/a	13 / 13 (100%)	7 / 7 (100%)	n/a
Dato' Asri bin Hamidin @ Hamidon (Senior Independent Director)	10 / 13 (76.9%)	2 / 6 (33.3%)	9 / 13 (69.2%)	6 / 7 (85.7%)	4 / 4 (100%)
Sudirman bin Masduki (Independent Director)	13 / 13 (100%)	6 / 6 (100%)	13 / 13 (100%)	n/a	n/a
Datuk Mohd Radzif bin Mohd Yunus (Independent Director)	13 / 13 (100%)	6 / 6 (100%)	13 / 13 (100%)	7 / 7 (100%)	4 / 4 (100%)

Note:

Dato Asri bin Hamidin @ Hamidon absent with apologies detailed as mentioned above.

Abbreviations

n/a	Not Applicable
BOD	Board of Directors
BAC	Board Audit Committee
BNREC	Board Nomination, Remuneration & ESOS Committee
BRC	Board Risk Committee
BPC	Board Procurement Committee

Board Balance and Independence

The Board believes that its present composition constitutes an optimal size for the Group's current business profile, which is appropriate to lead the Group effectively on its future thrust for business growth. The Board's composition consists of qualified individuals with a broad base of financial knowledge, experience and technical skill necessary in the management and direction of the Group.

Although all the Directors have equal responsibilities for the Group's operations, the roles of the Independent Directors are particularly important in bringing independent judgement and ensuring all issues proposed by the executive management

Corporate Governance Statement (Continued)

are fully discussed and examined to consider the long-term interests, not only of the shareholders, but also of other stakeholders such as the employees, customers and business associates.

Independence

There is no specific definition for independent director except those criteria outlined in the Main Market Listing Requirements ("MMLR"). BDB has always been adhering to maximum limit of nine (9) years as stated in MMLR. As of now, none of BDB independent directors has reached nine (9) years cumulative term as independent directors. This practice has been adopted as the new policy of BDB upon approval by the Board in 2018.

Board Gender Diversification

The Board has always placed gender diversity as an agenda in strengthening the performance of its Board and/or Board Committees. Notwithstanding this, the Board is of the view that while it is important to promote gender diversity, the normal selection criteria of a Director to have an effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board, should remain a priority so as not to compromise on qualification, experience, track records and capabilities.

The Board recognises the challenges in achieving the right balance of diversity on the Board. This will be done over time, taking into account the present size of the Board, the valuable knowledge and experience of the present Board members and the evolving challenges to the Company over time. The Board will continuously search for additional women candidate in its recruitment exercise.

Board Appointments

There is a transparent process for the selection, nomination and appointment of suitable candidates to the Board of BDB.

The Board Nomination, Remuneration & ESOS Committee ("BNREC") has been empowered to review the candidates include review of existing composition of Board to identify the gaps based on BDB's board composition framework and subsequently review and recommend to the Board a candidate with relevant skill set, expertise and experience to fill in the gaps.

The process adopted by BDB for Board appointment is as follows:

- Step 1 : identify suitable candidate
- Step 2 : shortlisted candidates
- Step 3 : evaluation of suitability of candidate through psychometric assessment conducted by independent party
- Step 4 : background checking/meet the shortlisted candidates
- Step 5 : final deliberation by the BNREC
- Step 6 : recommend to the Board
- Step 7 : Board decision

Board Induction/Orientation Programme

Each new Board member participates in a formal Board Induction Programme co-ordinated by the Company Secretary together with Chief Operating Officer ("COO") and Chief Financial Officer ("CFO").

The Board Induction Programme include in-person presentation with the Senior Management with the objectives of providing newly appointed Directors with the necessary information and overview to assist him/her/them in understanding

the operations of the Company, current issues deliberated at Board, financial achievement, corporate strategies, challenges as well as the structure and management of the Company.

There is no new appointment of the director for the Financial Year 2018.

Re-Appointment and Re-Election of Directors

In accordance with the Company's Constitution, one-third (1/3) of the Directors or if the number is not a multiple of three (3) then the number nearest to one-third (1/3), shall retire from office at each Annual General Meeting (AGM) of the company. All retiring Directors can offer themselves for re-election. The Directors to retire at the AGM in each year are the Directors who have been longest in office since their appointment or re-election.

In accordance with the Company's Constitution, Director newly appointed during the year must offer himself to the shareholders for re-election at the first AGM following his appointment.

The Company's Constitution further provides that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election.

At the forthcoming AGM, the two (2) Directors who will be retiring by rotation are Dato' Asri bin Hamidin @ Hamidon and Haji Abdul Rahman bin Abdullah. All of them, being eligible, offer themselves for re-election.

Board's Contract for Service

The renewal of Board's contract is by way of Letter of Renewal and Board's assessment conducted by BNREC members prior to the expiry date of the contract.

Board Meetings

The Board Annual Calendar for Board meetings ("The calendar") is fixed for the whole year in advance. The calendar for board meetings consists of scheduled dates for meetings of the Board including Board Committees meetings and AGM. The calendar providing major items on the agenda for each meeting and trading by directors during the closed period. The calendar is to enable the Board and management to plan ahead and ensure the Board meetings are pre-booked in their respective schedules.

The overall calendar of meetings of the Board and Board Committees held in Year 2018 is provided below:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Board	•Full	*01/2018	*02/2018 *03/2018	*04/2018	•Full	*05/2018	-	•Full *06/2018	*07/2018	•Full *08/2018	*09/2018	-
BAC		•Full	*01/2018	-	•Full	-	-	•Full	-	•Full	-	-
BNREC	•Full	-	•Full	*01/2018	•Full *02/2018 *03/2018	-	*04/2018	•Full *05/2018	*06/2018	•Full *07/2018	*08/2018	-
BRC	•Full	-	-	*01/2018	•Full	-	*02/2018	•Full *03/2018	-	•Full	-	-
BPC	•Full	*01/2018	*02/2018	-	-	-	-	-	-	•Full	-	-

Corporate Governance Statement (Continued)

Abbreviations /Symbol:

- Full Board & Committee Meetings
- * Special Board & Committee Meetings
- Board Board of Directors' Meeting
- BAC Board Audit Committee Meeting
- BNREC Board Nomination, Remuneration & ESOS Committee Meeting
- BRC Board Risk Committee Meeting
- BPC Board Procurement Committee Meeting

Total number of Meetings:

No.	Types of Meeting	2018 Total Number of Meetings	Terms of Reference (TOR) for each Meetings	Complied with TOR
1.	Board	13 times	6 times in each Financial Year	✓
2.	BAC	6 times	4 times a Year	✓
3.	BNREC	13 times	At least Twice a Year	✓
4.	BRC	7 times	At least Quarterly	✓
5.	BPC	4 times	4 times a Year	✓

Supply of Information

Board papers with sufficient notice are distributed to Directors before Board meetings to enable the Directors to peruse and have the opportunity to seek additional information, and obtain further explanation and clarification on the matters for deliberations. The senior management is invited to attend the Board meetings to report on matters relating to their areas of responsibility. They also attend to brief and provide details on recommendation to assist the Directors whenever necessary so as to enable the Directors to make independent and informed decisions.

Presentations to the Board are prepared and delivered in a manner that ensures latest information, clear and adequate presentation with latest site progress photos.

Whenever necessary, Senior Management or external advisors or consultants are also invited to attend the Board and Board Committees meetings to explain matters within their expertise, knowledge and provide clarity on agenda being discussed. The process is good governance practice to enable the Board and Board Committees to arrive at considered and informed decisions.

The Directors are also notified of any corporate announcements released to Bursa Securities. They are also notified of the restriction in dealing with the securities of the Company prior to the announcement of financial results or corporate proposals.

In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made. The circular resolutions will be tabled in the next Board meeting for ratification and information.

Management of Conflict of Interest

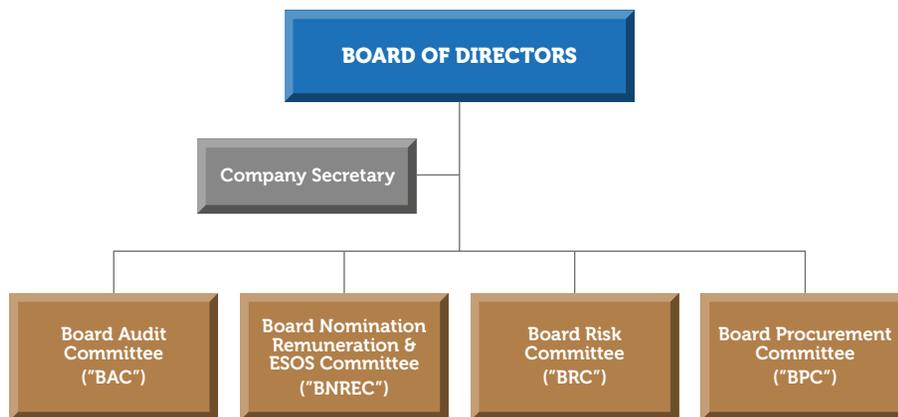
The Board will be notified by the Company Secretary on quarterly basis to update their disclosure of interests under Section 197 of the Companies Act, 2016. In the event of potential conflict of interest, the Director concern will make a declaration at

the meeting and shall abstain from deliberation, voting and decision on the subject matter and where appropriate abstain himself from being present or participate in the deliberations.

In the event a corporate proposal or general mandate is required to be approved by the shareholders, interested Directors should abstain from voting in respect of their shareholding in BDB on resolutions relating to corporate proposal.

Board Committees

There are currently four (4) main Board Committees empowered by the Board:



The TORs of the Board Committees are available online at www.bdb.com.my.

As for Board Procurement Committee, BPC is guided with Internal Procurement Policy and Delegated Authority Limit (DAL).

Board Committees meetings are normally held a day before or in conjunction with the Board meetings. All deliberations and recommendations of the Board Committees are recorded as minutes of the proceedings thereat and subsequently confirmed the contents at the subsequent Board Committees meetings or circulation to the Board via Circulars. During the Board meeting, Chairman of the various Board Committees provides summary of deliberations and key decisions or recommendations and highlights to the Board. If any further deliberation is required by the Board member, respective Senior Management, consultants or advisers are usually on stand-by to brief the Board. Verbal updates are provided if Board Committees meetings are held on the same day of Board meetings and papers were circulated in advance prior to the meetings.

A brief description of each Board Committees is provided below:-

- a) BAC - The members of BAC are as follows:
 - i. Sudirman bin Masduki - Chairman
Independent Non-Executive
 - ii. Dato' Asri bin Hamidin @ Hamidon
Senior Independent Non-Executive
 - iii. Datuk Mohd Radzif bin Mohd Yunus
Independent Non-Executive

Corporate Governance Statement (Continued)

Further details on the BAC Report during FY 2018 is presented on page 64 of this Annual Report. The Chief Financial Officer, Fakhruzi Bin Ahmad attend all meetings of the BAC except when meeting is held between the BAC and external auditors without management's presence.

b) BNREC - The members of BNREC are as follows:-

- i. Datuk Mohd Radzif bin Mohd Yunus - Chairman
Independent Non-Executive
- ii. Dato' Asri bin Hamidin @ Hamidon
Senior Independent Non-Executive
- iii. Haji Abdul Rahman bin Abdullah
Non Independent Non- Executive
- iv. Sudirman bin Masduki
Independent Non-Executive

The key responsibilities of the BNREC are as follows: -

- i) To oversee the selection and assessment of Directors and to ensure that the Board Composition meets the needs and the requirements of MMLR and Companies Act, 2016.
- ii) To recommend or approve, as the case may be based on the TOR, the appointment of key management of the Group.
- iii) Regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendation to the Board with regard to any changes.
- iv) Reviewed and recommended renewal of fixed terms contract for Group CEO and senior positions of BDB.

During the FY 2018, the BNREC met 13 times where key activities were as follows:

- i) Deliberated on Board Committees composition.
- ii) Reviewed on directors' benefits.
- iii) Reviewed on staff benefits.
- iv) Reviewed on Group Chief Executive Officer candidacy.
- v) Reviewed on Succession Planning Initiatives.
- vi) Reviewed on HR capability Enhancement Project.

c) Board Risk Committee ("BRC") - The members of BRC are as follows: -

- i. Dato' Asri bin Hamidin @ Hamidon - Chairman
Senior Independent Non- Executive
- ii. Haji Abdul Rahman bin Abdullah
Non Independent Non- Executive
- iii. Datuk Mohd Radzif bin Mohd Yunus
Independent Non-Executive Director

The key responsibilities of the BRC are as follows:-

- i) To assist the Board in ensuring the Group's risk management strategy, framework and methodology have been implemented and consistently applied.
- ii) To assist the Board in screening and assessing the investment opportunities and risk assessment evaluation.
- iii) To assist the Board in monitoring and reporting mechanism to the Board.

During FY 2018, the BRC met 7 times where the key activities were as follows:-

- i) Quarterly Report on Risk assessment for business segment.
- ii) Risk evaluation and recommendation on new business ventures and joint ventures.
- iii) Reviewed on Sustainability Statement Framework.
- iv) Reviewed Business Planning and Group Top 10 Risks Update.
- v) Reviewed on Financial and Operational Due Diligence and Turnaround Plan ; and
- vi) Reviewed on proposal for land acquisition.

d) Board Procurement Committee ("BPC") - The members of BPC are as follows:

- i. Datuk Mohd Radzif bin Mohd Yunus - Chairman
Independent Non- Executive
- ii. Dato' Asri bin Hamidin @ Hamidon
Senior Independent Non- Executive
- iii. Haji Abdul Rahman bin Abdullah (Appointed on 17.2.2019)
Non Independent Non- Executive

The key responsibilities of the BPC are as follows:-

- i) The Committees operates under clearly defined terms of reference and are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference.

During FY 2018, the BPC met 4 times where the key activities were as follows:-

- i) Evaluation and appointment of sub-contractors above Delegated Authority Limit ("DAL").
- ii) Reviewed Variation Order above DAL.

Change Committee ("CC") is a newly established committee on 26.8.2018 to assist Board of Directors in its oversight responsibilities for BDB's Recovery Plan Program.

e) Change Committee – The members of CC are as follows:-

- i. Datuk Mohd Radzif bin Mohd Yunus – Chairman (appointed on 26.8.2018)
Independent Non-Executive
- ii. Haji Abdul Rahman bin Abdullah (appointed on 26.8.2018)
Non Independent Non-Executive

Corporate Governance Statement (Continued)

- iii. Faris Najhan bin Hashim (appointed on 7.2.2019)
Group Chief Executive Officer
- iv. Mohd Iskandar Dzulkarnain bin Ramli (appointed on 26.8.2018)
Chief Operating Officer
- v. Fakhruzi bin Ahmad (appointed on 26.8.2018)
Chief Financial Officer

During FY 2018 until March 2019, the Change Committee met 11 times where the key activities were as follows:

- i. To ensure alignment of the strategic intent and direction of Recovery Plan and Program with BDB's strategy as approved by the Board.
- ii. To deliberate the financial and non-financial impacts and benefits generated by the Recovery Plan and Program.
- iii. To ensure alignment with the budget and timeline for various aspects of the Recovery Plan and Program as approved by the Board.
- iv. To deliberate the risk related to the Recovery Plan and Program and the mitigation activities undertaken to address to these risks.
- v. To develop the governance frameworks and controls used by the Recovery Plan and Program.

Remuneration

Board

The Company's framework on Directors' remuneration has the underlying objectives of attracting and retaining Directors of high calibre needed to run the Group successfully. The Company has no Executive Director on board. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned. Where applicable, the Board also considers any relevant information provided by independent consultants or from survey data.

Remuneration of Directors for the financial year ended 31 December 2018 is as follows:

Name/Position	Fees (RM)	Meeting Allowances (RM)	Other Emoluments (RM)	Benefits- in-kind (RM)	Gratuity (RM)	Total Cash & Benefits (RM)
Dato' Paduka Haji Rasli bin Basir (Chairman)	36,000	35,000	190,000	6,500	-	267,500
Haji Abdul Rahman bin Abdullah (Non-Executive Non Independent Director)	36,000	109,000	40,000	-	-	185,000
Dato' Asri bin Hamidon (Non-Executive Non Independent Director)	36,000	53,500	40,000	-	-	129,500
Sudirman bin Masduki (Non-Executive Non Independent Director)	36,000	56,500	40,000	-	-	132,500
Datuk Mohd Radzif bin Mohd Yunus (Non-Executive Non Independent Director)	36,000	98,000	40,000	-	-	174,000
The late Dato' Izham bin Yusoff (Group Managing Director)	7,200	-	-	4,500	-	11,700
GRAND TOTAL						900,200

Note: Executive Director's salary is not included.

All Directors were paid meeting allowances as approved by the shareholders and expenses incurred by the Directors in the course of performing their duties are reimbursed.

Senior Management

The Board acknowledged the need for transparency in the disclosure of its Senior Management's remuneration and the disclosure of the top five (5) key senior management is disclosed in the bands of RM50,000.

The top five (5) key senior management of the Company whose total remuneration during the financial year falls within the required disclosure band is as follows:-

Range of Remuneration	Top 5 Key Senior Management
RM300,001 – RM350,000	1
RM250,001 – RM300,000	1
RM200,001 – RM250,000	3
RM150,001 – RM200,000	0
RM100,001 – RM150,000	0
RM50,000 – RM100,000	0
TOTAL	5

Corporate Governance Statement (Continued)

Benefits

Common benefits-in-kind prevalent to similar size of PLC, BDB provides to directors such as training expenses, mobile communication devices such as ipad for paperless board meeting, telecommunication facilities, medical benefits (in-patient) and insurance benefits including Directors' & Officers' Liability insurance and Travel Personal Accident Insurance.

The benefit is reviewed every three (3) years after it is reviewed by the BNREC.

RESTRICTION ON DIRECTORSHIPS IN LISTED COMPANY

Directors are required to declare respective shareholdings in the Company and related companies and their interests in any contracts with the Company or any of its related companies. Directors are also required to declare their directorships in other companies and shall abstain from any discussions and decision-making in relation to these companies.

The Board members' directorship in companies other than the Company and the Group, are well within the restriction of not more than five (5) public listed companies. This is to ensure that their commitment, resources and time are focused on the affairs of the Company and the Group thereby enabling them to discharge their duties and responsibilities effectively.

DIRECTORS' TRAINING

A dedicated budget for training is allocated every year for Directors, Senior Management and employees training.

In addition to the Mandatory Accreditation Programme ("MAP") as required by the Bursa Securities, Board members are also encouraged to attend training programmes conducted by highly competent professionals that are relevant to the Company's operations and businesses. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.

All Directors have successfully completed MAP prescribed by Bursa Securities. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with the MMLR.

The Directors are also constantly updated by the Company Secretary on new and/or revised requirements to the MMLR as and when the same were advised by Bursa Securities.

During FY 2018, all Directors had attended various training programmes, conferences and workshops which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors.

The Board will continually evaluate and determine the training needs of each Director, particularly on relevant new laws and regulations, and essential practices for effective corporate governance and risk management to enable the Directors to sustain their active participation in board deliberations and effectively discharge their duties.

List of Directors' Training from 1 January 2018 – 16 March 2019

Directors	List of Training / Conference / Seminar / Workshop Attended/Participated
Dato' Paduka Haji Rasli bin Basir	• Corporate Governance Guide (25 January 2018)
	• National Procurement Conference (8 March 2018)
	• Culture of Corporate Governance (15 May 2018)
	• An Update on : Whistle Blowing Policy & Code of Conduct (19 April 2018)
	• Financial Reporting (16 July 2018)
	• Anti-Corruption Summit 2018 (30 October 2018)
Haji Abdul Rahman bin Abdullah	• An Update on : Whistle Blowing Policy & Code of Conduct (19 April 2018)
	• Bengkel Transformasi PKNK (24 April 2018, 7 May 2018, 27 June 2018 & 9 October 2018)
	• Promoting Innovation at the Workplace (22 July 2018)
	• Lawatan Program Coaching & Mentoring (6 November 2018)
Sudirman bin Masduki	• An Update on : Whistle Blowing Policy & Code of Conduct (19 April 2018)
Dato' Asri bin Hamidin @ Hamidon	• An Update on : Whistle Blowing Policy & Code of Conduct (19 April 2018)
Datuk Mohd Radzif bin Mohd Yunus	• An Update on : Whistle Blowing Policy & Code of Conduct (19 April 2018)

Board Evaluation

The Board evaluation comprises Performance Evaluation of the Board and various Board Committees, Director's Peer Evaluation and Assessment using questionnaire based approach. The assessment of the Board is based on board's roles and responsibilities and Board Committees' role and responsibilities. For Director's Peer Evaluation, the assessment criteria include abilities and competencies, calibre and personality, technical knowledge, objectivity and the level of participation at Board and Committee meetings including his or her contribution to Board processes and the business strategies and performance of BDB.

The Company Secretary

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Board Audit Committee ("BAC")

The Board Audit Committee supports the Board in its responsibility to oversee the financial reporting and the effectiveness of the internal controls of the Group.

Corporate Governance Statement (Continued)

Financial Reporting

The Board and the BAC are to ensure that BDB's financial statements are:

- Prepared in accordance with applicable approved accounting standards.
- The disclosure timeline, format and content are compiled rules and regulation, including provisions of the Bursa's MMLR.
- The Board, with the assistance of the BAC, shall oversee and manage the financial reporting and internal control policies and will maintain for appropriate relationship with the Company's Auditors.
- The Board, through the BAC, shall also assess the suitability, objectivity and independence of the Company's Auditors.

The appointment of the Company's Auditors is subject to the re-appointment by the shareholders of the Company for the ensuing year.

Based on the requirement of the new CG Code, the BAC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. As of to date, BDB been in compliance with this matter in practice.

The BAC assists the Board in maintaining a sound system of internal control across the Group. In ensuring that the financial statements use appropriate accounting policies, the BAC will meet with the external auditors without the presence of Management, and it will be a session where the external auditors may raise any concern pertaining to the compliance of the financial statements.

Risk Management and Internal Control Management

The Board has overall responsibility for maintaining a sound system of internal control, which encompasses risk management, financial, organisational, operational and compliance controls necessary for the Group to achieve its objectives within an acceptable risk profile. These controls can only provide reasonable but not absolute assurance against material misstatement, errors of judgment, loss or fraud.

Information on the Group's Internal Control is as set out in the Group Statement of Risk Management & Internal Control ("SORMIC") set out in page 67 to page 72 of this Annual Report.

The BAC manages the relationship with its external auditors on behalf of the Board. The BAC considers the re-appointment, remuneration and terms of engagement of auditors annually. The role of the BAC in relation to the External Auditors can be found in the Report of the Audit Committee as set out in page 64 to page 66 of this Annual Report.

The external auditors are invited to attend the Audit Committee Meeting where the Group's annual financial results are considered, as well as at meetings to review and discuss the Group's audit findings, internal controls and accounting policies, whenever the need arises.

The external auditors will also be present in each AGM.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Integrity in Corporate Reporting

It is the Board of Directors' Responsibility for Preparing the Annual Audited Financial Statements. The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which give a true and fair view of BDB

Group's state of affairs. The Directors are of the opinion that BDB has adequate resources and uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates, and that the financial statements have been prepared in accordance with Malaysian Financial Reporting Standards and the provisions of the Companies Act, 2016 and the MMLR of Bursa Securities.

The Directors having reviewed the business plans, capital expenditure commitments and expected cash flows are satisfied that the Company and the Group have adequate resources to continue operations for the foreseeable future and therefore continue to adopt the going concern basis in preparing these Financial Statements. The Directors are satisfied that BDB has been keeping accounting records which disclose with reasonable accuracy the financial position of BDB which enable proper financial statements to be prepared. They have also taken the necessary steps to ensure that appropriate systems are in place to safeguard the assets of BDB. The systems, by their nature can only provide reasonable and not absolute assurance against material misstatements, loss and fraud.

Corporate Disclosure Policies and Procedures

The Board reviews and approves all quarterly and other important announcements. The Group announces its quarterly and full-year results within the mandatory period. The financial statements and, where necessary, other presentation materials presented at the Company's general meetings, including material and price-sensitive information, are disseminated and publicly released via Bursa Link on a timely basis to ensure effective dissemination of information relating to BDB to ensure that communications to the public regarding BDB are timely, factual, accurate, and complete. BDB Group have put in place authority and process for Disclosure Policy which is applicable to all Directors, those authorised to speak on BDB's behalf.

Communication with Shareholders

The Board believes that building relationship with Shareholders through interaction during AGM and systematic engagement with the Shareholders through media releases, public announcements, answers to their queries and informative website to disseminate information.

Conduct of General Meetings

The Board always ensure that the conduct of Board Meetings comply with the best practices and shareholders are notified with the meeting details. The Annual Report with sufficient notice of the AGM shall be distributed to the Shareholders on timely manner and before the AGM.

All resolutions are voted by poll and subjected to scrutineering services, in compliance with the MMLR.

As Kedah only listed GLC and most of the shareholder is in Kedah, the Group will conduct its general meetings in Kuala Lumpur by rotation year to ensure outstation shareholders to attend the General meetings. For shareholders who are unable to attend, we also encourage them to write in their feedback and inquiries anytime to our office. All inquiries and feedback, suggestions will be addressed.

All board of directors will attend the meeting to engage with the shareholders, in the event they are not able to attend in person, electronic devices will be used for their participation. Unless it is not possible to do so, the directors will be updated on issues that require his follow up.

This Statement is issued in accordance with a resolution of the Board dated 17/03/2019.

Audit Committee Report

The Board Audit Committee (BAC) assists the Board in fulfilling its fiduciary responsibilities relating to internal controls, accounting and reporting practices of the Group. The BAC promotes the practices of good corporate governance by ensuring that internal control systems are in place and adequate and that appropriate standards of responsibility, integrity and accountabilities are maintained across the group.

MEMBERS OF THE AUDIT COMMITTEE

Bina Darulaman Berhad complies with Paragraph 15.09 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires all the Audit Committee members to be Non-Executive Directors, with a majority of them being Independent Directors.

The members of the Audit Committee are as follows:

	Name	Directorial/Status
1.	Sudirman bin Masduki	Chairman / Independent Non-Executive Director
2.	Dato' Asri bin Hamidin @ Hamidon	Member / Senior Independent Non-Executive Director
3.	Datuk Mohd Radzif bin Mohd Yunus	Member / Independent Non-Executive Director

The profiles of the BAC members are disclosed on pages 18 to 21 of this Annual Report.

TERMS OF REFERENCE

The terms of reference for the BAC are available online in the company section sub menu policies of the Company's website at www.bdb.com.my. The latest update was effective on 11 March 2018.

SUMMARY OF THE AUDIT COMMITTEE'S ACTIVITIES

Meetings and Minutes

During the year ended 31 December 2018, the Committee met six (6) times by way of ordinary meetings on 12 February 2018, 13 May 2018, 4 August 2018, 18 August 2018 (adjourned), 27 October 2018. and one (1) Special Meeting held on 11 March 2018.

	Name	Number of Meetings	
		Held	Attendance
1.	Sudirman bin Masduki	6	6/6
2.	Dato' Asri bin Hamidin @ Hamidon	6	2/6
3.	Datuk Mohd Radzif bin Mohd Yunus	6	6/6

Permanent invitees to BAC are the GMD (last meeting attended by the late Dato' Izham Bin Yusoff was on 11 March 2018), CFO, Company Secretary and Head of GCA. Other invitees from management team are present to explain specific issues as per the meeting agenda. Key issues discussed are reported by the Chairman of the Audit Committee to the Board.

The Audit Committee is mindful of the challenges faced by the Group and initiatives on the Group's recovery plan, as such had advised the internal audit team to validate and focus their auditing efforts in this area. Meanwhile, the External Auditor had updated the Audit Committee on the impact of MFRS15 and MFRS9 adoption.

The Audit Committee continues to provide oversight to the external and internal audit functions and performs the followings based on meeting agenda:

External Audit

- (i) Reviewed the External Auditors' scope of audit prior to the commencement of the interim and annual audit;
- (ii) Reviewed the audited year-end financial results of the Group prior to submission to the Board for consideration and approval;
- (iii) Reviewed the audit reports of the External Auditors in relation to audit and accounting issues arising from the audit;
- (iv) Discussed matters arising from the audit of the Group in a close session meeting without the presence of the Management;
- (v) Reviewed the performance of the External Auditors and proposed on their re-appointment and remuneration to the Board;
- (vi) Reviewed the findings of the External Auditors and followed up on the recommendations;

Internal Audit

- (i) Reviewed and approved the 2018 Annual Audit Plan and resources for the execution of audit activities across the Group;
- (ii) Deliberated on major issues brought up to the attention of BAC and considered the appropriateness of management action plans in relation to the audit recommendations;
- (iii) Ensured that management resolved all audit issues within the agreed timeline and approved extension of time where necessary;
- (iv) Recommended for the closure of audit issues to be considered as one of performance measures;
- (v) Requested GCA to conduct special review and extension of scope to ascertain business process inefficiencies and document as lesson learnt;
- (vi) Considered the changes and deferment of planned audit presented in the 2018 Annual Audit Plan to meet the business operation needs;

Audit Committee Report (Continued)

- (vii) Raised concerns on certain operational issues for future audit review;
- (viii) Reviewed minutes of the BAC meetings for accuracy and follow up actions.

Other significant oversight activities are as follows:

- (i) Reviewed the Statement on Risk Management and Internal Control and the Audit Committee Report and recommend to the Board for inclusion in the Annual Report;
- (ii) Reviewed the unaudited quarterly financial results and the announcements thereof and made recommendations to the Board for consideration and approval to release to Bursa Securities;
- (iii) Reviewed related party transactions as required under the Bursa Malaysia Listing Requirements to ascertain that transactions are conducted at arm's length prior to submission for the Board's consideration and where appropriate, shareholders' approval;
- (iv) Reviewed renewal of Shareholders' mandate for recurrent related party transactions of a revenue trading nature based on an established framework for Board to recommend to shareholders for approval and authorized the submission of draft circular to Bursa Securities;
- (v) Reviewed and approved the proposed changes to Terms of Reference of BAC for Board Approval to be in line with the new Listing Requirements and Malaysia Code on Corporate Governance 2017; on 11 March 2018;
- (vi) Reviewed the proposed revision to delegated authority limits for Board Approval.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit function is to provide independent, objective assurance and consulting services designed to add value and improve BDB's operations. The Internal Audit activities help BDB accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and the adequacy of the internal controls.

For 2018, Group Corporate Assurance Department conducted audit review based on the approved Annual Audit Plan. Deviation from the annual audit plan was tabled on 27 October 2018 to inform BAC on reasons for deferment and constraints. Apart from conducting routine audit review of the approved audit scopes, members of GCA had also performed the following activities:

- (i) Follow up and validate the completion of remedial action plans to close outstanding audit issues on a quarterly basis;
- (ii) Year-end stock take exercise at subsidiaries; BDB Infra and Fantasia Aquapark;
- (iii) Investigative audit on alleged misconduct by staff related to procurement activities.

The total cost incurred for the Internal Audit Function for the financial year was approximately RM498,245.85.

Statement on Risk Management and Internal Control

This statement is made in accordance with the Malaysian Code on Corporate Governance 2017 (“The Code”) and Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The Board’s Statement on Risk Management and Internal Control has been prepared in accordance with the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers”.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound internal control system and the need to review its adequacy and integrity on a regular basis. The system of internal control is meant to effectively manage business risk towards the achievement of objectives so as to enhance the value of shareholders’ investments and to safeguard the Group’s assets.

The Board maintains overall responsibility for the Group’s system of internal controls and has reviewed the effectiveness of the controls established. The Board has delegated the implementation of the system of internal control within an established framework throughout the Group to the Management. The system of internal control is supported by the corporate governance and risk management framework.

The Board through its Risk Management Committee is responsible for identifying, evaluating and managing major business risks faced by the Group. The Committee will continuously evaluate suggested mitigation measures and quarterly review planned actions and implementation strategies to ensure that key risks are mitigated and well managed.

The Board is reasonably satisfied that throughout the year the Company’s Risk Management and internal control system operated adequately and effectively in all material aspects based on the Risk Management Model adopted by the Company. Improvements to enhance the internal controls as proposed by the audit activities are followed through till completion.

The system of internal control provides only reasonable and not absolute assurance against material error, misstatement, loss or breach. In addition, the concept of reasonable assurance also recognises that the overall cost of control procedures shall not exceed the expected benefits.

KEY INTERNAL CONTROLS FEATURES

The key features of the Group’s internal control comprise the following components which have been in place throughout the financial year:

CONTROL ENVIRONMENT

Accountability and Reporting within the Organisation:

The terms of reference including functions, authorities and responsibilities of the Board Committees and Management Committees have been established in the Group, to assist the Board in discharging its duties. The Board Committees comprise of:

- Board Audit Committee (“BAC”)
- Board Risk Committee (“BRC”)
- Board Nomination, Remuneration and ESOS Committee (“BNREC”)
- Board Procurement Committee (“BPC”)

Statement on Risk Management and Internal Control (Continued)

Organisation Structure & Authority Limits

The internal control system of the Group is supported by a formal organisational structure with lines of responsibility and accountability delegated to the Group's Senior Management.

Executive Committee ("EXCO")

After the demise of the Group Managing Director, Dato' Izham bin Yusoff in March 2018, the Board had reactivated the EXCO to oversee and ensure the smooth running of the daily operations of BDB Group of Companies. The EXCO comprises of Haji Abdul Rahman bin Abdullah (Chairman), Mohd Sobri bin Hussein and Fakhruzi bin Ahmad.

The Board had on 1 December 2018 appointed Mohd Iskandar Dzulkarnain bin Ramli as the Chief Operating Officer (COO) and Fakhruzi bin Ahmad as the CFO. COO replaces Mohd Sobri bin Hussein as EXCO member.

Change Committee

Based on the financial performance of the Group, the Management has embarked on a business recovery plan. A Change Committee was established on 26 August 2018 to assist the Board in its oversight responsibilities for the Group's business recovery plan.

Authority Limit

The Group, via its Delegated Authority Limit ("DAL"), assigns authority to appropriate levels of management to exercise control over the Groups' commitment on both strategic and operational business objectives.

The DAL is approved by the Board and is updated to reflect changing business conditions. The DAL provides a framework that defines and specifies the authority levels for personnel to carry out their assigned responsibilities and it also covers the basic decision-making policy throughout the BDB Group of Companies. Effective on 1 September 2018 the Board had approved a revision to the DAL in view of the current needs of the Company and designations.

Standardised and Documented Policies and Procedures

Relevant policies and procedures are recommended by management and approved by the Board to ensure the Group's values and internal control mechanism is embedded in business operations. These policies and procedures are made available to guide Management and staff in their day-to-day operations and compliance with relevant laws and regulations. Updates will be made on need basis to reflect any changes in operational requirements and / or statutory requirements.

Strategic Business Planning

BDB Group performs annual business planning and budgeting for consideration of the EXCO before being tabled to the Board for approval. The Board has reviewed and approved the Group business recovery plan and budget for year 2019 within which the business objectives, strategies and targets are articulated to facilitate management in focusing on areas of concern. Key business risks are identified and mitigated during the business planning process and reviewed during the year.

Staff Development and Training

Internal and external trainings are developed by Group Human Resource and provided to all employees to facilitate daily operations and enhance staff competencies.

Whistleblowing

The whistleblowing policy provides an avenue for employees to communicate any instances of breach or suspected breach of any law or regulation, illegal and / or immoral conduct in a safe and confidential manner. It also provides proper investigation to be initiated on all allegations or reports about the Group.

CONTROL ACTIVITIES

Control activities are part of the Group's system of internal control. Control activities are performed at all levels of the entity and at various stages within the business processes. They include a diverse range of activities such as the process of approvals, authorizations, verifications and reconciliations, reviews of operating performance, security of assets and segregation of duties. Among the significant control activities are:

- The preparation of quarterly and full-year financial results, as announced or otherwise published to shareholders. Analysis of actual financial performance versus business plans is carried out on quarterly basis.
- EXCO and Senior Management staff make business visits and communicate with employees of different levels to have first-hand knowledge of significant operational issues and risks.
- Quarterly reporting of legal, accounting and other new developments to the Board.
- Annual review and improvement, continuously manages and controls the quality requirement of the Company's products and services which is in accordance with ISO 9001 Quality Management System.

REVIEW AND MONITORING PROCESS

The Board has initiated an ongoing process to ensure the achievement of the Group business objectives where budgets, key business indicators and performance results on operations are in place to monitor performance. The system allows the Management and the EXCO to review business unit's performances against budgets and other performance indicators on a monthly basis. Key variances are followed up by Management and reported on quarterly basis to the Board.

The EXCO actively communicates the Board's expectations to management teams during management meetings. In these meetings, risks relating to strategy, operational, financial and external environment matters were discussed and with mitigating action plans were deliberated.

The Board has taken the necessary measures and reviewed the effectiveness of the system of internal control during the financial year through the review and monitoring process set out above.

INTERNAL AUDIT FUNCTION

The Group Corporate Assurance (GCA) performs internal auditing activities across BDB group; by undertaking a systematic review and disciplined approach to evaluate the adequacy and effectiveness of the internal control system implemented by the Group.

GCA reports to the Board Audit Committee (BAC) and meets on a quarterly basis plus as and when required. GCA highlights issues concerning internal control failures and/or weaknesses and other observations to improve business processes. All

Statement on Risk Management and Internal Control (Continued)

issues identified must be agreed with the management team. Action plans to resolve issues are followed through and updated in subsequent meetings. The BAC also reviews the Internal Audit independence, adequacy of resources and scope of work. Annual Audit Plan and revision to the planned audit was also tabled and approved by the BAC. The details of the oversight activities undertaken by the BAC are highlighted in the Audit Committee Report.

STATE OF INTERNAL CONTROL DURING THE YEAR UNDER REVIEW

The Board is of the view that the existing Group's system of internal controls in place for the year under review and up to the date of issuance of financial statements is generally sound and adequate to safeguard the shareholders' investment, the interest of customers, regulators, employees and the Group's assets. None of the control weaknesses identified has resulted in any material loss, contingencies or uncertainties that would require disclosure in the Annual Report.

STATEMENT ON RISK MANAGEMENT/ ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Group has established an Enterprise Risk Management (ERM) framework to proactively identify, evaluate and manage key risks to an optimal level in line with the Group's commitment to deliver sustainable value. This framework aims to provide an integrated and organised approach entity-wide.

During the financial year ended 31 December 2018, the Group had executed the ERM initiatives based on the approved ERM Framework which includes the establishments of the key mitigation strategies for the key risk areas identified and the tracking and monitoring of its implementation Group wide.

Risk Policy

BDB Group is committed in meeting its vision, mission and corporate objectives. It is critical for BDB Group to have the ability of managing risk to an acceptable level. In 2018, Risk Management has conducted four (4) BRC Meetings and three (3) Special BRC Meeting where risks were identified, assessed and ranked accordingly with regards to the mitigating actions.

The Board is responsible to understand risks and provide guidance when dealing with risks to ensure all risks are managed in an organised and consistent manner. The policies of the Board for ERM are as follows:

- To integrate risk management into the work culture, business activities and decision-making processes.
- To anticipate and respond to the changing operational, social, environmental and regulatory requirements proactively.
- To manage risks pragmatically, to an acceptable level given the particular circumstances of each situation.
- To require that all papers submitted to the Board of Directors by Management relating to strategy, key project approval, significant action or investment must include a comprehensive risk assessment report.
- To implement a robust and sustainable ERM framework that is aligned with BDB Group's vision, mission, corporate objectives, and in accordance with best practices.

The above policies will be attained through:

- Quarterly reporting to the Board on ERM activities and keep the Board updated of all ERM aspects including significant risks and risk trends;

- Provision of adequate and suitable resources, including tools and manpower to ensure ERM framework and system are operating effectively;
- Provision of adequate education and communication channels to ensure staffs' understanding on the requirements, benefits, their roles and responsibilities associated to ERM; and
- Maintain documented risk information (risk registers and action plans) for continuous ERM activities.

The Group Corporate Planning & Enterprise Risk Management ("GCP&ERM") is responsible for developing, coordinating and facilitating the Risk Management processes within the Group. A database of risks and control information is captured in the format of risk registers. Key risks of key business units are identified, assessed and categorised to highlight the source of risks, their impact and the likelihood of occurrence and it is being monitored by respective Senior Management of the business units.

Roles and Responsibilities of the GCP&ERM can be summarised as follows:

- To communicate, evaluate and improve the ERM Policy and Framework;
- Facilitate the risk assessment and risk action plan processes;
- Provide independent input on risk assessment (risk type and rating) and action plans;
- Coordinator of Business Continuity Management (BCM);
- Prepare and report to BRC on a timely manner;
- Coordinate for the ERM educational programmes; and
- To share inputs on risks and market trends.

Assurance Received from EXCO and Chief Financial Officer

In accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed issuers, the Board has received assurance from the EXCO and Chief Financial Officer that to the best of their knowledge, the risk management and internal control of the Group are operating effectively and adequately in all material aspects, based on the risk management and internal control framework adopted by the Group.

Review of Statements by the External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in The Audit and Assurance Practice Guide ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the financial year ended 31 December 2018, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

Statement on Risk Management and Internal Control (Continued)

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Conclusion

Risk Management in BDB Group has been accepted not merely as a compliance tool but to the extent of becoming a business culture. The Risk Management framework and findings act as an additional decision-making tool to drive towards an excellent business strategy planning and execution. In this regard, an effective Risk Management lies on its ability to implement the framework and create values throughout BDB Group in order to achieve its established vision, mission, and objectives that lead towards enhancing shareholders' value.

This statement is made in accordance with the resolution of the Board of Directors dated 17 March 2019.

Sustainability Statement

1. EMBRACING SUSTAINABILITY

Bina Darulaman Berhad's ("BDB") culture of integrity and stewardship are reflected in every day through our engagement with our clients, our employees and our community. We view our sustainability activities as a natural extension of these culture and of BDB's core purpose. We undertake developments that are socially, economically and environmentally conducive for a sustainable long-term future. We regard them as needs that we should fulfil and opportunities that we could tap into.

Our years of experience in developing townships, we believe that human, nature and economic elements are interdependent and draw strength from each other. To ensure a sustainable development, these elements become the essence of our foundation for each development which is expressed in the four (4) pillars below:

1. **Technology** – to introduce the latest technology in each upcoming development for the community.
2. **Recreation** – to promote active and healthy living amidst nature.
3. **Community** – to facilitate the creation & building of a desired community (virtual or physical).
4. **Nature** – to respect and conserve nature where possible & have microclimate control and extensive landscaping within the township.

2. SUSTAINABILITY GOVERNANCE

Our commitment to sustainability is embedded in our corporate value. To manage this commitment, we have established a Sustainability Reporting Committee at a management level reporting directly to Board Risk Committee ("BRC"). BRC reports directly to the Board of Directors, ultimately responsible in all sustainability matters.

At the operational level, an appointed sustainability Champion is appointed for each of the business units, namely, Property Development, Engineering & Construction, Road Building & Quarry and Leisure & Hospitality. These champions will monitor and manage all relevant sustainability matters at the respective business units. The champions will report to an appointed Sustainability Reporting Manager who will be responsible in consolidating all sustainability matters and he reports to Sustainability Reporting Committee.

This sustainability governance structure is summarised as follows:



Sustainability Statement (Continued)

Through sustainability champions, the business units bring their expertise and needs to the Sustainability Reporting Committee. At the same time, they support the implementation of BDB Group sustainability strategy in their respective functions. For example, they develop appropriate supplier management instruments or systems for measuring resource consumption. Overarching sustainability issues are coordinated by the Sustainability Reporting Committee, which serves as the Group-wide interface for all sustainability matters.

a) Key stakeholders

Stakeholders are defined as any individuals, community and entities that may be impacted by BDB's business operation. BDB Group conducted five (5) workshops with Senior Management of subsidiaries and the Group, on consolidated basis.

BDB Group identify stakeholders through discussion with key senior management and the Board. The following describe the Group's stakeholders and how we engage with stakeholders:

No.	Stakeholders	Description	How we engage with stakeholders
1.	Shareholders / investors	Shareholders and investors provide fund for the Group with the expectation for returns. Engagement with shareholders and investors is critical to enable them understand the Group's businesses, its strategies, future growth and expectation.	<ul style="list-style-type: none"> Annual General Meeting Bursa Malaysia announcements Ongoing media releases
2.	Customers: <ul style="list-style-type: none"> House buyers Commercial buyers Land buyers Infrastructure customers Leisure and Hospitality 	<ul style="list-style-type: none"> Buyers of properties and land Clients of our infrastructure services – quarry products, road construction and other construction services Guests of our nature and water theme parks Golfers Hotel and Food & Beverages Guests 	<ul style="list-style-type: none"> Regular – daily through day-to-day engagement Meetings Correspondences Brochures Products and services briefings Media announcement and advertisements Annual General Meeting Bursa Malaysia announcements Ongoing media releases

No.	Stakeholders	Description	How we engage with stakeholders
3.	Financiers / banks	The Group seeks various funding method to finance its operation. Banks and Provider of funds and information.	<ul style="list-style-type: none"> Annual General Meeting Bursa Malaysia announcements
4.	Local authorities / municipalities / Regulators / Government ministries	Authorities and government establish rules and regulation which govern the Group operation. The Group engages with them to ensure it complies with the legislations.	<ul style="list-style-type: none"> Regular meetings and discussions Compliance with rules and regulation Submission of reports required under regulations Briefings and trainings Periodic visits and inspections
5.	Sub-contractors and suppliers	The Group operates with a number of products and services providers.	<ul style="list-style-type: none"> Tenders Briefings and meetings Compliance with rules and regulations
6.	Local Community / NGOs / Industry Associations	The Group engages with the local communities, NGOs, industry associations and academia to achieve mutual benefits.	<ul style="list-style-type: none"> REHDA FIABCI
7.	Employees	Our people is key to our operation and to achieve our business objectives. The Group objectives are to serve them well and provide them with conducive working environment enabling them to grow and prosper with the Group.	<ul style="list-style-type: none"> Townhall sessions Performance management Involvement in community activities Sponsorships and talent enhancement Trainings and development

3. SCOPE AND REFERENCE

This sustainability statement covers the period from 1 January 2018 to 31 December 2018. It includes our four (4) Divisions – namely, Property Development, Engineering & Construction, Road Building & Quarry, and Leisure & Hospitality. Details are available in our corporate structure section in page 16.

Sustainability Statement (Continued)

Our sustainability statement is prepared based on Global Reporting Initiative (“GRI”) framework. Although we are not in full compliance with the GRI standards, we have taken significant efforts in enhancing our processes, procedures and standards as recommended under the GRI standards.

4. MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

BDB Group conducted four (4) materiality assessment workshops with the respective business divisions to identify and prioritise the key sustainability matters. These workshops were held with the top key senior management of the divisions. The materiality assessments were also facilitated through a desktop review on the Group’s business operation and risk areas and Group’s Senior Management.

Through the materiality assessment, we have identified fourteen (14) key sustainability matters as outlined in the table below:

Economic	Environment	Social
<ul style="list-style-type: none"> • Profitability and Government Policy • Anti-corruption and Bribery • Whistle-blowing Policy • Sales & Marketing • Digital and Business Transformation 	<ul style="list-style-type: none"> • Pollution Control and Waste Management • Property Development • Compliance with Environmental Laws and Regulations 	<ul style="list-style-type: none"> • Succession Planning • Employee Training and Education • Customer Satisfaction, Engagement and Privacy • Branding and Reputation • Safety, Health and Environment • Public and Community Engagement

Details of each of the sustainability material matters – economy, environment and social are described in the next sections.

a) Economic

The economic dimension of sustainability concerns BDB’s impacts on the economic conditions of its stakeholders, and on economic systems at local and national. It does not focus on the financial condition of BDB, rather, it focuses on the economic value generated and distributed (EVG&D) by BDB.

i) Profitability and Government Policy

The Group is currently undergoing a restructuring in response to challenging global economic and market environment. The challenges related to economic impact and government policy are explained in Market Discussion and Analysis section of this Annual Report.

ii) **Anti-Corruption & Bribery**

From our vision, mission and objectives, we formulated behavioural rules specified in a series of codes and corporate standards. These apply to all of our employees, in all business areas and cultural spheres in which we operate. The Code of Conduct and Ethics included the most important corporate principles and behavioural rules, supplemented by guidelines for dealing with potential conflicts of interest. These guidelines are a key element of our preventive measures against bribery and corruption. The codes and corporate standards address specific topics such as compliance with laws and regulation; safety, health, environment and social standards; human rights; as well as public affairs.

iii) **Whistle-blowing Policy**

Our whistleblowing policy outlines the procedures for our employees, third parties and relevant stakeholders for reporting suspected and actual corruption and other illegal activities in the Group. It outlines the process to inform appropriate authority – how to report, where to report; what actions to be taken and protect the anonymity of the employees, associates and third parties who report the suspected illegal activities. Whistle blowers are protected from any reprisals and retaliations with regards to their reported action.

The Code of Conduct & Ethics and Whistleblowing Policy are available on our corporate website <https://www.bdb.com.my/policies>

iv) **Sales & Marketing**



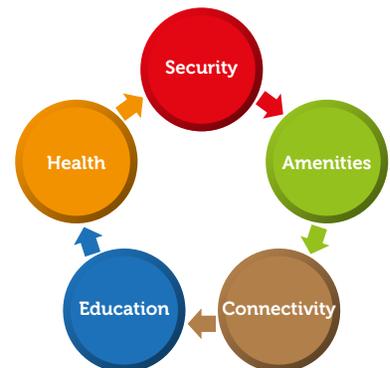
Our Sales & Marketing efforts were intensified during the year through various activities. During the FYE 2018, we participated in almost 91 property fairs throughout Malaysia and introduced a contest – “BADABOOM – Tawaran MeleTOP” offering value prizes such as Proton cars for the winners to attract buyers to our property projects.

v) **Digital and Business Transformation**



As part of our Sales & Marketing efforts, we are looking into ways to enhance our digital and business transformation processes.

We actively identify potential process improvement opportunities and business process transformation, digital initiatives are considered as part of our transformation in our business processes and customer engagement. We continue to enhance our business processes and at the same time, we translate this improvement through our projects – property development, construction & engineering, road building & quarry and leisure & hospitality.



Sustainability Statement (Continued)

Through our participation on STAR Property Award 2018 held on 14 March 2018, BDB Land Sdn Bhd was awarded with special mention MERIT status – “THE FIVE ELEMENT” for its Bandar Darulaman development. The Five elements provide the amalgamation of security, amenities, connectivity, education and health to deliver a better living lifestyle for all residents. It ensures that whatever facilities that one needs are close to the development.

b) Environmental

i) Pollution Control and Waste Management



Climate change affects every corner of our planet. We are already feeling the effects from water supplies shrinkages to extreme weather events increasing in frequency and intensity. As part of our efforts reducing greenhouse gas effects, we are currently monitoring our diesel consumption to reduce our carbon footprint. For the FYE under review, we consume 3.37 million litres of diesel with our BDB Infra Sdn Bhd, a major user of heavy machinery and equipment that use diesel. The Group, as part of managing diesel consumption, has initiated programmes to reduce consumption through monitoring the utilisation of equipment, vehicles and machinery (“EVM”), reviewing

our EVM aging and strictly following each EVM preventive and maintenance programmes. We will consider any energy-efficient EVM as and when the technology available and feasible for the Group to use.

We are promoting zero waste across our Group, efforts are currently undertaken to measure our waste generation. Across all four (4) divisions, type of waste generated and its disposal can be summarised as follows:

Division	Property Development	Engineering & Construction	Road Building & Quarry	Leisure & Hospitality
Waste generated	<ul style="list-style-type: none"> Construction waste 	<ul style="list-style-type: none"> Construction waste Used engine oil 	Aggregates and premix wastes	Used water
Disposal / recycled method	<ul style="list-style-type: none"> Recycled Disposed through appointed licenced contractors 	<ul style="list-style-type: none"> Disposal through appointed licenced contractors 	<ul style="list-style-type: none"> Recycled Appointed licenced contractors 	<ul style="list-style-type: none"> Recycled Appointed licenced contractors

We invest in our people and processes to ensure that we met and exceed the environmental standards. Our BDB Infra Sdn Bhd’s Quarry Division obtained its ISO14001:2015 Environmental Management System certification on 26 October 2017 in the production for aggregate, manufacturing of bituminous premix, roadworks and construction.

We have established clear processes and procedures to prevent operational spills, both on water and land, with particular focus on risk management and containment capabilities.

All our fuel & chemical storage and dispensing systems are constructed with secondary containment and we monitor physically our chemical & fuel storage to prevent and detect any spillages.

ii) Property Development

We strive to create healthier and sustainable lifestyles by incorporating recreational elements such as the water lakes, walkways, bicycle and running tracks in our property projects. In 2017, we were awarded with the “Best Integrated Township Development in Northern Region” by Property Insight Prestigious Developers. We diligently make efforts to preserve nature and undertake extensive landscaping at Bandar Darulaman and Darulaman Perdana to support the “Green” concept.

iii) Compliance with Environmental Laws and Regulations

We are pleased to highlight that BDB Group have not been fined or penalised for any environmental violations by Department of Environment. We monitor the environmental regulations strictly throughout our operating divisions and efforts are taken to ensure all resources available in managing environmental regulation.

c) Social

BDB Group aims to create sustainable value in its business operation. This objective bonds all of our employees and aligns with our corporate values, which direct our decision-making and our actions. For us to be successful, we want to recruit, develop and retain the best talents. We offer a stimulating and challenging working environment with a people-oriented focus. Our performance culture is based on regular open feedback and appreciation to excellent achievements – both through attractive compensation and through individual and long-term development opportunities. We value diversity and cultural backgrounds, interacting openly and constructively with each other, and looking after the health and safety of our employees.

Employees are one of the most important assets to BDB and we strive to provide the best working conditions to all employees regardless of their nationality, race, or gender.

i) Succession Planning

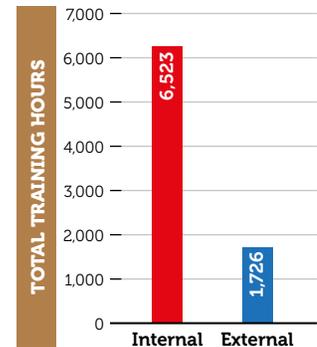
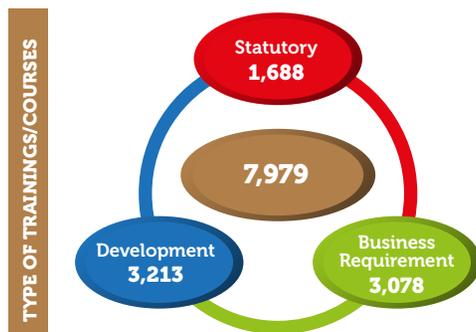
We recognise the need for business continuity and ensuring our stakeholders that we can operate in this highly competitive environment with our talented professionals. In this regards, we have established a succession planning identifying our designated key employees – at senior management and operational levels, and the successor to those designation

ii) Employee Training and Education

It is our aim to create a conducive and open working environment where all employees can learn, develop and achieve excellent at BDB Group in the long term, and where they can be at their best. We foster their skills and knowledge and help them to reach their full potential. We encourage and adopt regular and open feedback on performance. This environment serves as a foundation of our employees’ development, it measures individually to address the Group’s needs and the employees’ potential. For FYE2018, we provided

Sustainability Statement (Continued)

our employees with a total of almost 7,979 training hours offering various technical, soft and management skill enhancement for our employees. We segregate these trainings into statutory, business requirement and Development categories which are developed based on our training needs analysis. These trainings were conducted both, internally by our experienced staff who volunteer their expertise, and through external courses for industry best practices. The table below provides the type of trainings/courses during the FYE2018:



iii) Customer Satisfaction, Engagement and Privacy

We engage with our customers regularly to understand their aspiration and their needs – customising our products and services in meeting these needs. We maintain our customers' information within the boundary of Malaysian Personal Data Protection Act 2010 ("the Act") which came into force on 15 November 2013.

We conducted customer satisfaction survey in the FYE2018 to better understand our customers related to our property development projects.

In continuing to improve our processes and understanding our customers better, various initiatives and programmes have been identified, these include to identify key innovation on properties for the future and to establish key indicators that measure our customers satisfaction. These programmes help us identify improvement to our products and services and how we can help our customer achieve their needs.



iv) Branding & Reputation

We engage with our stakeholders continuously through various means and ways and benchmarking our performance, are key foundations for our work. Open channels with opinion leaders and stakeholders help us to latest external insights and outlook related to our business and promote a common understanding to our priorities and challenges.

At regular intervals, we seek independent opinions to evaluate how companies balance the relationship between economic, environmental and social aspects. We encourage these external assessments of our performance including our sustainability matters, as they lead to greater transparency in the market and show us how our performance is assessed.

To enhance these initiatives, we are in the process of identifying both short and long-term environmental and cost saving opportunities and priorities, such as reducing water and energy consumption, going paperless or new technologies. Such initiatives will not only have immediate business returns, but also engage our employees and bring cultural benefits to the Group. These initiatives create better understanding and prioritize risks and opportunities, which serve as an important foundation for creating a detailed sustainability strategy outlining our sustainability objectives and goals.

v) Safety, Health and Environment

The safety, health and well-being of our employees and contractors' workers can affect their performance and productivity. It is imperative for BDB Group to manage occupational health and safety risks whilst promoting healthy lifestyles and holistic wellness at the workplace.

As most of the activities at our construction sites and managed buildings are carried out by contractors, BDB Group has extended our safety and health risk management efforts to include our contractors and sub-contractors.

As part of this efforts, we have established a centralised function, Safety Health and Environment Main Committee on 22 March 2018 to spearhead of Safety, Health and Environment ("SHE") framework, policies, processes and procedures. The Committee is chaired by an appointed Chairman and members comprising both Employer's and Employee's representatives.

During the year, we have only 3 incidents with Lost Time Incident ("LTI") of 70 days (2017: 4 incidents; LTI:140days) that were related to the road safety issues. Subsequent to the incident, we investigated the root causes and improved several road safety measures such as cleaning the road signages, cleaned the roads access to the quarry, clearing vegetation surrounding road signages to ensure visibility and ensure all road and transverse markers are in good working condition. We sent our drivers to attend a 2-day course on safe and defensive driving lesson conducted by National Institute of Occupational Safety and Health ("NIOSH") and Social Security Organisation ("SOCSO").

Our BDB Infra Sdn Bhd's Quarry Division was awarded with National Occupational Safety and Health (NOSH) Excellence Award 2018 by Ministry of Human Resources on 27 February 2019 as the best Company in managing SHE for quarrying and mining category, the highest ranking at the national level.



vi) Public and Community Engagement

BDB Group fostered an excellent engagement programmes with the communities where we operate in, our programmes from township development to contribution to our communities. These programmes generate strong social bond and goodwill for BDB Group. Through active engagements and supporting sustained community programmes focusing on four (4) areas ie. supporting Education & Knowledge, Sporting & Leisure, Religious and Community Engagement with focus on caring for the less fortunate. During the FYE2018, we have conducted almost 29 community programmes ranging from donation to supporting educational activities for our community and the general public. Our employees participated in these programmes ensuring strong bond with the community.

Sustainability Statement (Continued)



Charity Golf Tournament

BDB Group organised BDB Masters and Charity Golf 2018 held on 7 to 9 December 2018 at Darulaman Golf & Country Club ("DGCC"). Five welfare organisations were chosen to receive contribution amounted to RM25,000 collected from a charity competition held at the same time with the event. The five charity organisations were Maahad Tahfiz Ehsan Al-Khairi; Wanita Perkim, Cawangan Alor Setar; Pertubuhan Wanita Prihatin Kubang Pasu; Buddhist Tzu Chi Merits Society Malaysia (Jitra); and Pusat Jagaan Kesayanganku Jitra.



These organisations were selected based on their financial capacity and organisational needs whilst the remaining funds collected will be included in a special fund for other less fortunate through the same organisations. The contribution was handed over to the organisations by Kedah State Council representative, En. Zambri Yusof. Also present during the ceremony were Darulaman Golf Resort Berhad Chairman, Dato' Paduka Rasli Basir and Darulaman Golf Resort Berhad Chairman, Y.M. Kol. Dato' Tunku Aziz

Notice of 24th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of Bina Darulaman Berhad (“BDB or the Company”) will be held at Damai Hall, BDB Hotels Sdn Bhd, Lot 888, Bandar Darulaman, 06007 Jitra, Kedah Darul Aman on Thursday, 25 April 2019 at 10.00 a.m. to transact the following businesses:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the Financial Year Ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.

(See Explanatory Note 1)

2. To re-elect the following Directors who retire in accordance with Article 86 of the Company’s Constitution.
 - i. Haji Abdul Rahman bin Abdullah **(Resolution 1)**
 - ii. Dato’ Asri bin Hamidin @ Hamidon **(Resolution 2)**

(See Explanatory Note 2)

3. To approve the payment of Director’s Fees for the Financial Year Ended 31 December 2018. **(Resolution 3)**

(See Explanatory Note 3)

4. To approve the payment of Director’s Benefits in accordance with Section 230(1) of the Companies Act 2016 with effect from the 24th Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 4)**

(See Explanatory Note 4)

5. To re-appoint KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 5)**

(See Explanatory Note 5)

As Special Business

6. Special Resolution **(Resolution 6)**

Proposed Amendments of the Company’s Existing Memorandum and Articles of Association (“M&A”) (“Proposed Amendment”)

“THAT the Company’s existing M&A be altered, modified, added and/or deleted, as the case may be, in the form and manner as set out in Appendix II of the Circular to Shareholders dated 2 April 2019 accompanying the Company’s Annual Report for the financial year ended 31 December 2018;

Notice of 24th Annual General Meeting (Continued)

AND THAT the Directors be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendment with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities.”

(See Explanatory Note 6)

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company’s Constitution.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend, speak and vote at the 24th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd (Bursa Depository) in accordance with Article 52 of the Company’s Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 18 April 2019. Only a depositor whose name appears on the Record of Depositors as at 18 April 2019 shall be entitled to attend the said meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

By Order of the Board

KHAIRULMUNA BINTI ABD GHANI

(LS 0008190)

Company Secretary

Alor Setar,
Kedah Darul Aman

2 April 2019

Notes

1. With regards to deposited securities, only members whose names appear in the Record of Depositors as at 18 April 2019 shall be eligible to attend and vote at the meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A member shall specify the shareholding proportion where two (2) proxies are appointed. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. The instrument appointing a proxy shall:
 - i. In the case of an individual, be signed by the appointer or by his/her attorney.

- ii. In the case of a corporation, be either under its common seal or under the hand of its duly authorised attorney or officer on behalf of the corporation.
5. The instrument appointing a proxy together with the power of attorney or other authority, shall be deposited at the Company's Registered Office at Aras 9, Menara BDB, 88, Lebuhraya Darulaman, 05100 Alor Setar, Kedah Darul Aman not less than forty eight (48) hours before the time set for holding the meeting or at any adjournment thereof.
 6. For the purpose of determining who shall be entitled to attend this meeting the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd ("Depository") in accordance with Rules of the Depository, to issue Record of Depositors and make available to the Company pursuant to Article 52(iii) of the Company's Constitution and Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
 7. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company: (i) consents to the processing of the member's personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the AGM; (b) preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereto); and (c) for the Company's (or its agents) compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that he or she has obtained such proxy(ies) and /or representative's(s') prior consent for the Company's (or its agents) processing of such proxy(ies) and/or representative's(s') personal data for the Purposes, and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.
 8. Please refer to the Administrative Details circulated with this notice for the forthcoming 24th Annual General Meeting.
 9. Pursuant to Paragraph 8.29 of the Main Market Listing Requirements, all resolutions as set out in the Notice of AGM will be put to vote on poll.

EXPLANATORY NOTES ON ORDINARY BUSINESS:

1. AUDITED FINANCIAL STATEMENTS

The Audited Financial Statements for the financial year ended 31 December 2018 (FY2018) under Agenda 1 are laid before shareholders pursuant to provisions of Section 340(1)(a) of the Companies Act 2016 for discussion only and will not be put forward for voting.

Resolution 1 and Resolution 2

2. RE-ELECTION OF DIRECTORS PURSUANT TO ARTICLE 86 OF THE COMPANY'S CONSTITUTION

- i. Directors who are standing for re-election or re-appointment at the 24th Annual General Meeting are Haji Abdul Rahman bin Abdullah and Dato' Asri bin Hamidin @ Hamidon. The profiles of the Directors who are standing for re-election or re-appointment are set out on page 18 to 19 of the Annual Report.

Resolution 3 and Resolution 4

3. DIRECTORS' REMUNERATION

- i. Pursuant to Section 230 (1) of the Companies Act, 2016, any Director's Remuneration including Directors' Fees provide amongst others, that the "fees" of the directors and "any benefits" payable to the directors of a listed

Notice of 24th Annual General Meeting (Continued)

company shall be approved at a general meeting. In this respect the Board agreed that the shareholders' approval shall be sought at the 24th AGM on the Directors' Remuneration in two (2) separate resolutions as follows:

- **Resolution 3:** Payment of Directors' Fees in respect of the preceding year 2018. Details of the proposed Directors' Fees for the FY2018 are disclosed on page 59 of the Annual Report 2018.

The proposed Resolution 3, if passed, will authorise the payment of Directors' Fees to the directors.

- **Resolution 4:** Benefits payable to Non-Executive Directors (excluding Directors' Fees) for the period from 24th AGM until the next AGM of the Company (the Relevant Period) the proposed Resolution 4, if passed, will authorise the payment of Directors' Benefits of the NED at the Relevant Period. The Benefits comprise of Allowances, Benefits in-kind and other emoluments payable to the NEDs.

- ii. The Directors' remuneration (excluding Director's Fees) comprising meeting allowances and other emoluments payable to Chairman and members of the Board and Board Committees are as follows:

Description	Chairman 2019 (RM)	NEDs 2019 (RM)
a. Monthly Fixed Allowance	10,500	Not Applicable
	Chairman of Meeting (RM)	Member (RM)
b. Meeting allowances per meeting:		
- Board Meeting	3,500	3,000
- Board Committee Meetings		
i. Board Audit Committee Meeting	2,500	2,000
ii. Board Nomination, Remuneration and ESOS Committee Meeting	2,500	2,000
iii. Board Risk Committee Meeting	2,500	2,000
iv. Board Procurement Committee Meeting	2,500	2,000
v. Change Committee Meeting	2,000	1,500
c. Annual General Meeting & Extraordinary General Meeting	2,500	2,000
d. Other Allowances:		
Training expenses for each director	20,000	

* Non-Executive Directors ("NED")

- iii. The monthly fixed allowance given to the Chairman is in recognition of his significant roles in leadership contribution to the Company as well as expertise and responsibilities expected from Chairman.
- iv. The payment of the remuneration (excluding Director's Fees) to the NEDs will be made on monthly basis and/or as and when incurred if the proposed Resolution 4 has been passed at the 24th AGM. The Board is of the view that it is fair and equitable for the NEDs to be paid the Directors' Remuneration (excluding Directors' Fees) on a monthly basis and/or as when incurred given that they have duly discharged their responsibilities and provided their services to the Company throughout the Relevant Period.

Resolution 5

4. APPOINTMENT OF AUDITORS

The Board Audit Committee (BAC) has considered the re-appointment of KPMG PLT as Auditors of the Company based on criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements. Both the BAC and the BOD had on 17 February 2019 recommended the re-appointment of KPMG PLT as Auditors of the Company, under Resolution 5.

Resolution 6

5. PROPOSED AMENDMENTS OF THE COMPANY'S EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION ("M&A") ("PROPOSED AMENDMENT")

This proposed Special Resolution if passed, will give full effect to the Proposed Amendment as set out in Appendix II of the Circular to Shareholders dated 2 April 2019 accompanying the Company's Annual Report for the financial year ended 31 December 2018. The rationale of the Proposed Amendment is to ensure continued compliance and to bring the M&A of the Company in line with the following laws and regulations:

- (i) Latest amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (ii) Companies Act, 2016.

Statement Accompanying Notice of 24th Annual General Meeting

The Directors who are standing for re-election pursuant to Article 86 of the Company's Constitution are:

- (i) Haji Abdul Rahman bin Abdullah.
- (ii) Dato' Asri bin Hamidin @ Hamidon.

Further details of the abovementioned names are set out in the Profile of Directors which appear from page 18 to 19 of the Annual Report 2018.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with our Personal Data Protection Notice set out in www.bdb.com.my/privacy-policy.

Further, you hereby warrant that relevant consent has been obtained for us to process any third party's personal data provided by you in accordance with our said Personal Data Protection Notice.

Administrative Details

24TH ANNUAL GENERAL MEETING (AGM)
25 APRIL 2019

1. REGISTRATION

- a) Registration will start at 8.30 a.m. at Damai Hall, BDB Hotels Sdn Bhd, Lot 888, Bandar Darulaman, 06007 Jitra, Kedah Darul Aman and will end at a time directed by the Chairman of the Meeting. There will be signages to the registration area and you will have to queue for registration.
- b) Please note that you will not be allowed to register on behalf of another person even with the original IC of that person is produced/presented.
- c) Please read the signage to ascertain where you should register yourself as a member or proxy for the meeting and join the queue accordingly.
- d) Please produce your ORIGINAL Identification Card (MYKAD) during registration for verification. Please make sure you collect your MYKAD thereafter.
- e) The registration counter will handle ONLY verification of identity and registration.
- f) After the registration, please vacate the registration area immediately.

2. IDENTIFICATION BARCODE

- a) You will be provided with an identification barcode upon verification and registration.
- b) The identification barcode must be worn throughout the AGM. No person will be allowed to enter the meeting room without the identification barcode.
- c) There will be no replacement in the event that you lose or misplace the identification barcode.

3. DOOR GIFT POLICY

- a) There is no Door Gift provided for this year.

4. REFRESHMENT

- a) Each member or proxy who is present at the AGM will be entitled for a light refreshment.
- b) Each member or proxy is NOT ALLOWED to take away foods.

5. MOBILE DEVICE

- a) Please ensure that all mobile devices i.e. phones/pagers/other sound emitting devices

are switched off or put on silent mode during the AGM to ensure smooth and uninterrupted proceedings.

6. PERSONAL BELONGINGS

- a) Please take care of your personal belongings. The organiser will not be held responsible for any item that has gone missing.

7. VOTING PROCEDURE

- a) The voting at the 24th AGM will be conducted on a poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- b) The Company has appointed Bina Management (M) Sdn Bhd as Poll Administrator to conduct the poll and Niche Unity Consultant Sdn Bhd as Scrutineers to verify the poll results.
- c) Voting for each of the resolutions as set out in the Notice 24th AGM will take effect only upon the conclusion of the deliberations of all the businesses transacted at the 24th AGM.
- d) The registration for attendance will be closed, to facilitate commencement of the poll.
- e) Each shareholder/proxy is invited to cast his/her vote, and the whole polling process for the 24th AGM is expected to be concluded in 30 minutes.
- f) Thereafter, the results of the polling will be announced by the Chairman.

8. VENUE DIRECTION

- a) If using PLUS Highway, exit Bandar Darulaman, then turn right at the first traffic light.
- b) Turn left at the third and fourth traffic light.
- c) Turn right when you see Darulaman Golf & Country Club signages on your right.
- d) The venue meeting is at BDB Hotels Sdn Bhd.

9. PARKING

- a) Ample parking spaces are available at the AGM venue and free of charge.