

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7083
COMPANY NAME : ANALABS RESOURCES BERHAD
FINANCIAL YEAR : April 30, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

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

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board provides the overall governance as well as stewardship and oversight for the direction and management of the Company and Group.</p> <p>In discharging its duties and functions effectively, the Board delegates certain responsibilities to its Board Committees. All committees have written terms of reference. These Committees are formed in order to enhance business and operating efficiency. The Chairman of the respective Committee will report to the Board the outcome of the Committees Meetings for the Board's consideration and final decision. Minutes of the respective Meeting will be presented to the Board for its information. The Board retains full responsibility for the direction and control of the Company and the Group.</p> <p>The Board Charter and Terms of Reference of the Board Committees are available on the Company's website at www.analabs.com.my.</p> <p>The Board establishes the vision and strategic objectives of the Group, directing policies, strategic action plans and stewardship of the Group's resources. The Board's role and responsibilities amongst others include:</p> <ol style="list-style-type: none">i. Overseeing and evaluating the conduct and performance of the Company and Group;ii. Ensuring that the statutory accounts of the Group are true and fairly stated and conform with the relevant regulations including acceptable accounting policies approved financial reporting standards;iii. Identifying principal risks and ensuring implementation of a proper risk management system;iv. Establishing a succession plan;

	<ul style="list-style-type: none"> v. Overseeing the development and implementation of a shareholder communication policy for the Company; vi. Reviewing the adequacy and the integrity of the management information and internal controls system of the Group; and vii. Be responsible for the overall corporate governance of the Group, including environmental and social impact and the Group's strategic direction, establishing goals for Management and monitoring the achievement of these goals; and viii. Reviewing and approving the overall strategic plans and direction of the Group.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board, Mr Kan Yow Kheong who is also the Chief Executive Officer, is primarily responsible to lead the Board. Based on the Board Charter, the Executive Chairman's responsibilities encompass the following:-</p> <ul style="list-style-type: none"> i. ensure that the Board functions effectively, cohesively and independently of Management ii. providing governance in matters requiring corporate justice and integrity iii. leading the Board, including presiding over Board meetings and Company meetings and directing Board discussions to effectively use the time available to address the critical issues facing the Company iv. promoting constructive and respectful relationship between board members and between board members and management v. ensure that there are effective communication between the Company and/or Group and its shareholders and relevant stakeholders vi. developing the strategic direction of the Group vii. ensure that the Company and/or the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees viii. ensure that the objectives and standards of performance are understood by the Management and employees ix. ensure that the operational planning and control systems are in place x. monitoring performance results against plans xi. taking remedial action, where necessary
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is mindful of the dual role held by the Mr Kan Yow Kheong as the Executive Chairman and Chief Executive Officer which is departure from Practice 1.3 of the MCCG that states the position of Chairman and the Chief Executive Officer are to be held by different individuals.	
		The Independent Directors form more than half of the Board members who are individuals of calibre, credibility and are free from any business or other relationship which could materially interfere with the exercise of their independent judgement.	
		The Board believes that the current composition is appropriate given the collective skills and experience of the Directors and Analabs' current size and nature of business. The Board will continue to monitor and review the Board size and composition as may be needed.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretaries all possess the knowledge and experience to carry out their functions.</p> <p>In performing their duties, the Company Secretaries carry out, amongst others, the following tasks which also covers board adherence on procedures and compliance with corporate governance best practices:-</p> <ul style="list-style-type: none"> • Statutory duties as required under the Act, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB") and Capital Market and Services Act 2007; • Facilitating and attending Board Meetings and Board Committee Meetings; • Maintaining records for the purpose of meeting statutory obligations; • Assisting the Board with the preparation of announcements for release to BMSB and the Securities Commission Malaysia; and • Rendering advice and support to the Board and Management. <p>All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>Directors are provided with sufficient information and material for Board discussions and meeting materials are circulated within sufficient time to enable the Directors to review, seek additional information or clarification on the matters to be deliberated at the Board unless in unavoidable circumstances. The Senior Management and/or other relevant Board members will provide comprehensive explanation of pertinent issues and recommendations. The issues would then be deliberated and discussed thoroughly by the Board prior to decision-making. The Board members are supplied with information and reports on financial, operational, corporate, regulatory, business development and audit matters by way of board reports or upon specific request to enable them to discharge their duties and responsibilities. Directors are notified of the corporate announcements released to BMSB, any amendment to BMSB Listing Requirements and any pertinent Regulatory changes. All Directors have access to management and auditors for independent views and advice.</p> <p>In furtherance of their duties, the Directors may seek independent professional advice if necessary, at the expense of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has in place a Board Charter which is accessible on the Company's website. The Board Charter demarcates the responsibilities between the Board, Board Committees, Executive Chairman and Company Secretaries. It also clearly identifies the issues and decisions reserved for the Board.</p> <p>The Board will review this Charter from time to time and make the necessary amendments to ensure that they remain consistent with the Board's objective, current law and practices.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Code of Ethics for Director and Code of Conduct are published in the Company's website at www.analabs.com.my.</p> <p>This Code of Ethics is formulated to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims:</p> <ol style="list-style-type: none">1. To establish a standard of ethical behaviour for directors based on trustworthiness, principles and values that can be universally accepted, held or upheld by any one person.2. To uphold the spirit of being a good corporate citizen and social responsibility in line with the legislations, regulations and guidelines for administering a company. <p>The Directors' Code of Conduct covers the principles of conflict of interest, insider dealings, integrity, compliance to law and others. Directors are expected to conduct themselves with the highest ethical standards, to behave ethically and professionally at all times to promote and protect reputation and performance of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board also has in place a Whistle Blowing Policy for employees to raise genuine concerns, without fear, about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse. The Whistle Blowing Policy is available for reference at the Company’s website at www.analabs.com.my.</p> <p>The Whistle-Blowing Policy outlines when, how and to whom a concern may be properly raised, distinguishes a concern from a personal grievance and allows the whistle-blower the opportunity to raise a concern outside their management line and in confidence. The identity of the whistle-blower is kept confidential and protection is accorded to the whistle-blower against any form of reprisal or retribution.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board consists of seven (7) members comprising the Executive Chairman, four (4) Independent Non-Executive Directors and two (2) Executive Directors. More than half of the Board members comprise of Independent Directors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied – Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	<p>Pursuant to the Board Charter, the Company has a policy where the tenure of an Independent Director shall not exceed a cumulative term of 9 years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director being re-designated as a Non-independent Director.</p> <p>If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek shareholders' approval. If the Board continues to retain the Independent Director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.</p> <p>None of the current independent directors have served as Director for more than 9 years.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board practises non-discrimination on gender, race or religion and it is committed to ensure that its composition not only reflect the diversity as recommended by the Code, as best as it can, but also has the right mix of skills and balance to contribute to the achievement of the Group's goals.</p> <p>The Board takes appropriate measures to ensure that boardroom diversity is considered as part of its selection and recruitment exercise. However, the merits of the individual and the knowledge and expertise relevant to the Company will be the main criteria when considering the selection of new candidates to the Board.</p> <p>The assessment/evaluation process may include among others:-</p> <ol style="list-style-type: none">a review of the candidate's resume, curriculum vitae and qualification. The NC would also assess the candidate's integrity, wisdom, independence, ability to make independent and analytical inquiries, ability to work as a team to support the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties/functions of the Board;in the case of candidates for the position of Independent Non-Executive Directors, the independence and ability to discharge such responsibilities as expected from the Independent Non-Executive Director;whether the candidate has any conflict of interest with the Company.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Although the Company does not currently have a written policy on diversity pertaining to the selection of its Board members, the Board has always taken into account diversity as one of the selection criteria of Board appointees as it recognises that a diversified Board will provide effective and dynamic discussions at the Board level.	
		Currently, the Company have a female director on the Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Not applicable	
Timeframe	:	Not applicable	

Intended Outcome

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

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	In identifying new Board members, the Board seeks recommendation for candidates from existing Board members, management and major shareholders.	
		The Nomination Committee ("NC") is responsible to recommend candidates to the Board to fill vacancy arising from resignation, retirement or other reasons or if there is a need to appoint additional Directors with the required skill or profession to the Board in order to close the competency gap in the Board identified by the NC.	
		The Board will consider candidates from all sources including independents sources as long as the candidates in suitable for the appointed position.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the NC is Mr Low Chin Ann @ Han Chin Ann who is a Senior Independent Non-Executive Director.</p> <p>The role of the Senior Independent Non-Executive Director amongst others includes taking the lead of succession planning, recommending appointment of board and committee members, annual review of board effectiveness, and assessment of the performance of each individual Director. The Senior Independent Non-Executive Director is also the point of contact for shareholders to convey their concerns.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board evaluation comprised a Board and Board Committee's Assessment, Assessment by Individual Directors and Peer Assessments and Assessments of Independence of Independent Non-Executive Directors.</p> <p>For Individual Performances and Board Evaluation, the assessment criteria include among others, contribution and performance, calibre and personality, Board mix and composition, quality of information and decision making as well as participation at Board and Committee Meeting. The Board also undertook an evaluation on the Audit and Risk Management Committee ("ARMC") and the assessment criteria include effectiveness and quality, external and internal audits and financial reporting. The criteria for assessing the independence of an Independent Director include among others, the relationship between the Independent Director and the Group and his or her involvement in any significant transaction with the Group. The results and recommendations from the evaluation were reported to the Board for further consideration and action, if required.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has a Remuneration Policy which sets out the guideline on the remuneration of the directors (for both Executive and Non-Executive Directors) and senior management.</p> <p>The objectives of the Company's remuneration policy on Directors' remuneration is to attract, retain and motivate the Directors of the highest quality and to recognise and reward the high performing Directors for achieving the Company's business and corporate goals.</p> <p>The Remuneration Committee ("RC") shall ensure that the levels of remuneration are competitive in the market to attract and retain Directors of the quality required to manage the business of the Group. The RC is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by each of the Non-Executive Directors concerned.</p> <p>The directors' fees for the Non-Executive Directors have been reviewed by the Company's RC and the Board, thereafter, recommends to the shareholders for approval.</p> <p>The Remuneration Policy was adopted on 28 June 2018 and can be found at the Company's website at www.analabs.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	<p>In line with the Best Practices of the MCCG, the Board has set up a RC which comprise of Independent Non-Executive Directors in order to assist the Board for determining the Director's remuneration.</p> <p>The RC is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors.</p> <p>RC has a Terms of Reference ("TOR") which clearly sets out the authority and duties of the RC, and this TOR can be found on the Company's website at www.analabs.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application :	Departure			
Explanation on application of the practice :				
Explanation for departure :	Details of the remuneration of each Director in named basis is not disclosed due to confidentiality and security reasons and such disclosure may be prejudicial to the Company's business interests.			
	Although disclosure is not based on named basis, the details below nonetheless still show details on the Directors' remuneration of the Company and Group. With such breakdown and different bands, shareholders are still able to assess whether the remuneration commensurate with their performance.			
	Company		Group	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Salaries, Bonuses & Socso (RM)	84,940	-	511,803	-
Fees (RM)	36,000	48,000	36,000	48,000
Defined Contribution Plans (RM)	4,820	-	24,904	-
Benefits-in-kind (RM)	-	-	-	-

	The number of Directors whose remuneration falls within the band of RM50,000 is as follows:-			
	Salaries & Bonuses and Other Emoluments		Fees	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Company				
Below RM50,000	1	-	3	4
RM50,001 - RM100,000	1	-	-	-
Group				
Below RM50,000	-	-	3	4
RM50,001 - RM100,000	1	-	-	-
RM150,001 - RM200,000	1	-	-	-
RM250,001 - RM300,000	1	-	-	-
Explanation for departure (cont'd)				
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure :				
Timeframe :				

Intended Outcome

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

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure																												
Explanation on application of the practice	:																													
Explanation for departure	:	<p>The Company does not comply with the recommendations to disclose the detailed remuneration of each member of Senior Management in bands of RM50,000 on a named basis in order to preserve confidentiality, negative impact arising from the disclosure, and the larger need to maintain a stable work environment to meet long-term strategic goals.</p> <p>The Board is of the opinion that the disclosure of top 5 key senior management's remuneration on a named basis will be detrimental to the Group as this will facilitate the opportunity of prospective employers to pinch the Group's top senior management and employees.</p> <p>The remuneration top 5 key senior management, inclusive of Executive Directors by bands of RM50,000, for the financial year ended 30 April 2019 are as follows:-</p> <table border="1"> <thead> <tr> <th>Senior Management</th> <th>Fees</th> <th>Salary/ Bonus</th> <th>Benefits in-kind</th> <th>Other emoluments</th> </tr> </thead> <tbody> <tr> <td>Below RM50,000</td> <td>-</td> <td>-</td> <td>-</td> <td>5</td> </tr> <tr> <td>RM50,001 to RM100,000</td> <td>-</td> <td>3</td> <td>-</td> <td>-</td> </tr> <tr> <td>RM100,001 to RM150,000</td> <td>-</td> <td>1</td> <td>-</td> <td>-</td> </tr> <tr> <td>RM200,001 to RM250,000</td> <td>-</td> <td>1</td> <td>-</td> <td>-</td> </tr> </tbody> </table>				Senior Management	Fees	Salary/ Bonus	Benefits in-kind	Other emoluments	Below RM50,000	-	-	-	5	RM50,001 to RM100,000	-	3	-	-	RM100,001 to RM150,000	-	1	-	-	RM200,001 to RM250,000	-	1	-	-
Senior Management	Fees	Salary/ Bonus	Benefits in-kind	Other emoluments																										
Below RM50,000	-	-	-	5																										
RM50,001 to RM100,000	-	3	-	-																										
RM100,001 to RM150,000	-	1	-	-																										
RM200,001 to RM250,000	-	1	-	-																										
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																														
Measure	:																													
Timeframe	:																													

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the ARMC and the Chairman of the Board are held by different persons. The members of the ARMC elect a chairman among themselves who is an Independent Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The Terms of Reference of the ARMC includes that in the event a former audit partner is appointed as a member of the ARMC, the former key audit partner is to observe a cooling-off period of at least two (2) years before being appointed.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board through the ARMC reviews and assess the independence of the External Auditors on a yearly basis. The ARMC works closely with the Management team in assessing the suitability of the external auditor. The areas of assessment include among others, the external auditors' objectivity and independence, audit fees, size and competency of the audit team, audit strategy, audit reporting and partner involvement.</p> <p>The External Auditors, in supporting their independence, provided the ARMC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors have provided such declaration in their annual audit plan presented to the ARMC of the Company during the financial year.</p> <p>The ARMC and the Board are satisfied with the performance, competence and independence of the External Auditors and the Board had recommended their re-appointment for shareholders' approval at the forthcoming AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>Currently, the ARMC comprises the following members all of whom are Independent Non-Executive Directors :-</p> <p>Chairman: Clifton Heath Fernandez (Independent Non-Executive Director)</p> <p>Members : Lai Yew Choong (Independent Non-Executive Director) Low Chin Ann @ Han Chin Ann (Senior Independent Non-Executive Director)</p> <p>All the Independent Non-Executive Directors have satisfied the independence test based on the criteria set out in the Main Market Listing Requirements of Bursa Securities.</p>

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied	
Explanation on application of the practice	:	All members of the ARMC are financially literate as they keep themselves abreast with the latest developments in accounting and auditing standards and the impact to the Group through briefings by Management and external auditors as well as attending relevant external trainings.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Analabs has established an ongoing process for identifying, evaluating and managing the significant risks that may affect the achievement of its business objectives. Any issue that affects the Group from achieving its business objectives are discussed in the Steering Committee meetings held during the financial year. Management is responsible for assisting the Board in implementing the processes for identifying, evaluating, monitoring and reporting risks and internal controls throughout the period.</p> <p>The Board is of the view that the Group's risk management and internal control framework and systems are in place for the financial year under review and up to the date of issuance of the financial statements for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The disclosure on the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework is set out on pages 36 and 39 of the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The risk management framework and policies are overseen by the ARMC. The ARMC comprises of three (3) members, all of whom are independent directors.

Intended Outcome

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

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has delegated the responsibility of reviewing the adequacy and integrity of the internal control system to the ARMC. The ARMC assesses the adequacy and integrity of the internal control system and its compliance with the Group's policies and procedures through independent reviews performed by the outsourced internal audit function. In this respect, the Board, through the ARMC receives and reviews reports on internal control from the outsourced internal audit function. The outsourced internal audit function reports directly to the ARMC.</p> <p>The ARMC reviews and approves the audit plan, scope of work and reviews reports of the outsourced internal audit function. The internal audit function reports to the ARMC on areas for improvement and will subsequently follow up to determine the extent to which their recommendations have been implemented.</p> <p>The monitoring activities are supported by the outsourced internal audit function who visits, based on the Audit Plan approved by the ARMC, key business operations every quarter for systematic review of the effectiveness of internal controls and reports to the ARMC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has appointed an external service provider to carry out the internal audit function, namely RSM Corporate Consulting (Malaysia) Sdn. Bhd. The outsourced Internal Auditors (“IA”) acts independently with impartiality, proficiency and exercise due professional care, and reports directly to the ARMC.</p> <p>The Outsourced IA is headed by its director, Mr. Jaymes Foo, who is a member of Association of Chartered Certified Accountants and Professional Member of Institute of Internal Auditors Malaysia.</p> <p>The Outsourced IA is staffed by 8 personnel of all levels, including the director.</p> <p>The IA undertook regular reviews and audit assignments based on the Internal Audit Plan which was presented to, and approved by the ARMC.</p> <p>The audits were performed using a risk based approach and designed to test the Group’s established framework of controls to ascertain that they were operating effectively.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Communication and engagement with stakeholders are made through</p> <ul style="list-style-type: none">(i) The Annual Report;(ii) The various disclosures and announcements made to BMSB including the Quarterly Results and Annual Results;(iii) Briefings to the Company's key investors or other investment community in order to provide them a better understanding of the Group's operations and explanation to any concern highlighted; and(iv) The website at www.analabs.com.my which shareholders as well as members of the public are invited to access for the latest information on the Group. <p>Stakeholders are encouraged to direct their inquiries to Mr Low Chin Ann @ Han Chin Ann as the Senior Independent Non-Executive Director to whom concerns from the public may be conveyed. Mr Low can be contacted via the following address:-</p> <p style="padding-left: 40px;">c/o Analabs Resources Berhad Unit 621, 6th Floor, Block A, Kelana Centra Point, No.3, Jalan SS7/19, Kelana Jaya, 47301 Petaling Jaya Selangor Darul Ehsan</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable as Analabs is not considered a Large Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company's AGM serves as a principal forum for dialogue with shareholders. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Extraordinary General Meetings are held as and when required.</p> <p>The Company sends out the Notice of AGM and related circular to Shareholders at least 28 days before the meeting in order to facilitate the full understanding and evaluation of the issues involved.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>At the 20th AGM of the Company held on 4 October 2018, all the Directors were presents in person to engage with the shareholders.</p> <p>During the AGM, the Chairman also invited shareholders to raise any questions pertaining to the Company’s financial statements and other agenda items, before putting the resolutions to vote.</p> <p>The Directors including Chairmen of the Board Committees and senior management present at the AGM had responded to the queries raised by the shareholders. External Auditors, Messrs Crowe Malaysia PLT was also present at the AGM to answer shareholders’ queries, if any.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders’ participation at General Meetings.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The General Meetings are currently convened in a specified venue and resolutions put forth are voted by poll by the members present in person or by proxy at the said venue of the meeting. An independent scrutineer will be appointed to validate the votes cast at the General Meetings.</p> <p>To facilitate Shareholders participation and in the event they are not able to attend, Shareholders are entitled to appoint representatives or proxy/proxies to participate in general meetings and to vote on their behalf in their absence.</p> <p>It is currently not economically justifiable to enable voting in absentia or remote shareholders’ participation. However, the Company will monitor the development of technology and market practice to facilitate shareholders participation and the Board may consider implementing the same in the future.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure			
Timeframe	:		

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

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

N/A
