

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 7528  
**COMPANY NAME** : DKLS INDUSTRIES BERHAD  
**FINANCIAL YEAR** : December 31, 2020

### **OUTLINE:**

#### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

## Intended Outcome

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

### Practice 1.1

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Board is responsible for the oversight and overall management of the Company. The Board takes full responsibility in leading, governing, guiding and monitoring the entire performance of the Group and enforces standards of accountability including the process for financial reporting, risk management and compliance. In order to ensure the effective discharge of its duties and responsibilities, it has delegated specific powers to the Managing Director and relevant Board Committees. The Board has delegated certain responsibilities to the Board Committees which operate within defined terms of reference. The Board Committees include the Audit Committee, the Investment Committee and the Nomination and Remuneration Committee. The respective Committees report to the Board on the matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.</p> <p>The Board assumes, amongst others, the following duties and responsibilities:</p> <ul style="list-style-type: none"><li>• Perform an active role in developing overall strategic direction and planning of the Group. In conjunction with this, the Board reviews and approves the Annual Budget, including Revised Budget, if any, of the Group for each year. The financial performance is then monitored, through quarterly review, the variances between actual results and approved Budget, to determine whether the management would remain on-course to achieve the Group's targets by the end of the year.</li></ul> <p>In overseeing the Group's financial reporting, the Board via the Audit Committee reviews on quarterly basis, the unaudited consolidated financial results together with the unaudited interim financial report, prepared in compliance with the Malaysia Financial Reporting Standard ("MFRS") and paragraph 9.22 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Listing Requirements") for announcement.</p> <p>In order to safeguard the integrity of the financial statements and other financial information in the Annual Report, the Board via the Audit Committee assesses whether the annual financial statements are prepared in accordance with generally accepted accounting principles and legal requirements through the review of Financial Reporting Questionnaire.</p> <ul style="list-style-type: none"><li>• Oversee and evaluate the conduct and management of the Group's businesses, financial and non-financial performance of the Group.</li></ul> <p>The Board delegates the management resources to the Managing</p>

	<p>Director and his senior management team and the directors have unrestricted access to any information pertaining to the Group. As such, the senior management key personnel are invited to attend all Board meetings and Audit Committee meetings to provide explanations and comments on the agenda items tabled at the Board meetings and Audit Committee meetings or to provide clarification on issues that may be raised by the directors and Audit Committee members.</p> <p>The Managing Director is responsible for the day-to-day business operations of the Company, its subsidiaries and their respective operations supported by the senior management team to achieve the corporate objectives. The delegation of authority includes responsibility for:-</p> <ul style="list-style-type: none"> <li>○ Developing and implementing the strategies, business plans and budgets of the Group;</li> <li>○ Identifying and managing operational risks on a daily basis where those risks could have a material impact on the businesses, formulating strategies to manage these risks including the preparation of Risk Register for risk profile for major business activities, risk assessment report for major investment or divestment transactions for the Investment Committee's consideration;</li> <li>○ Managing the Group's current financial and other reporting mechanism as well as control and monitoring system to ensure that these mechanism and systems capture all relevant material information on a timely basis and are functioning effectively;</li> <li>○ Ensuring that the Board and Board Committees are provided with sufficient and updated information on a timely basis in regard to the Group's businesses and, in particular, with respect to the performance, financial condition, operating results and prospect to enable the Board and Board Committees to fulfil their governance responsibilities.</li> </ul> <ul style="list-style-type: none"> <li>• Review adequacy and integrity of the Group's internal control system and management information system to ensure compliance with relevant laws, regulations, rules, directives, guidelines and business objectives of the Group; <ul style="list-style-type: none"> <li>○ The Board through the Audit Committee endorses and approves the scope of work of internal audit to ensure effectiveness of internal control. The Audit Committee is responsible to review the Internal Audit Reports of the Group.</li> <li>○ The Board reviews and approves the Internal Audit Reports of the Group upon the recommendation of Audit Committee.</li> </ul> </li> <li>• Identify principal business risks faced by the Group and ensure the implementation of appropriate systems and mitigating measures for risk management;</li> </ul> <p>The Board is aware of the importance of establishing and maintaining a sound system of risk management framework and internal control in the Company and the Group to safeguard shareholders' interest and Group's assets. The Board continuously reviews and examines the effectiveness and efficiency of the risk management framework and internal control system on areas such as financial, operational and compliance, and seek alternative ways for improvement should any</p>
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	<p>weakness be detected and identified.</p> <p>The Board reviews and approves the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report. The Board also reviews and approves the Risk Management Report which included the Risk Registers of the Company and nine (9) major subsidiaries.</p> <ul style="list-style-type: none"> <li>• Establish and oversee succession planning program for senior management key personnel and ensures that all candidates appointed are of sufficient calibre.</li> </ul> <p>The Nomination and Remuneration Committee is established with the primary objective of assisting the Board in overseeing the selection and assessment of directors. In addition, the Committee is responsible for developing policies on the remuneration packages of the executive directors. In case of non-executive directors, the level of remuneration is the responsibility of the Board as a whole.</p> <ul style="list-style-type: none"> <li>• Oversee the development and implementation of a shareholder communication policy to ensure that timely releases of quarterly financial results, circulars, corporate announcements and annual reports are made to shareholders.</li> </ul>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.2

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>Dato’ Ding Pei Chai is the Chairman of the Board. He leads the Board meetings and discussions, provides leadership for the Board so that the Board can perform its responsibilities effectively and leads the Board in establishing and monitoring good corporate governance practices.</p> <p>The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter, which is available on the Company’s website at <a href="http://www.dkls.com.my">www.dkls.com.my</a>.</p> <p>The responsibilities of the Chairman, amongst others, are as follows:</p> <ul style="list-style-type: none"><li>• lead the Board in the oversight of the management and ensure its effectiveness of all aspects of its role;</li><li>• ensure the efficient organisation and conduct of the Board’s function and meetings;</li><li>• facilitate the effective contribution of all directors at Board meetings;</li><li>• promote constructive and respectful relations between directors, and between the Board and Management; and</li><li>• ensure effective communication with shareholders and relevant stakeholders.</li></ul>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>There is a clear division of responsibility between the Chairman of the Board and the Managing Director for an appropriate balance of power and authority. The Board is chaired by Dato’ Ding Pei Chai, a founder member and a non-executive director and his responsibility is to ensure effectiveness and proper conduct of the Board. Mr Ding Poi Bor is the Managing Director who is responsible for the day-to-day business operations of the Company, its subsidiaries and their respective operations supported by the senior management team.</p> <p>In order to ensure a proper balance of power and authority, there is clear division of responsibility between the non-executive Chairman and the Managing Director as provided in the Board Charter.</p> <p>The Managing Director has overall responsibilities over the operating units, organisational effectiveness and implementation of Board’s policies and decisions. The Chairman’s responsibility is to ensure good corporate governance practices, effectiveness and proper conduct of the Board.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 1.4

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>During the year, an additional company secretary, namely Ms Benedette Lim Lang Siu was appointed as joint company secretary. Both Company Secretaries, namely, Mr Cheai Weng Hoong and Ms Benedette Lim Lang Siu have the required qualifications to act as company secretary under Section 235(2) and 241 of the Companies Act 2016. They report directly to the Board and play an advisory role to the Board and Board Committees, particularly with regard to their policies and procedures and the Company's compliance with regulatory requirements, rules, guidelines and legislation, as well as the best practices of corporate governance.</p> <p>They are a source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company. The Company Secretaries provide support to the Board in ensuring that the applicable rules and regulations are complied with as well as that the governance structure of the Group remains relevant and effective.</p> <p>During the financial year 2020, the Company Secretaries have attended all meetings of the Board and Board Committees and have ensured that meeting procedures are followed and deliberations and proceedings at the meetings are accurately recorded and documented.</p> <p>For the Annual General Meeting (“AGM”) which is normally held in May annually (the AGM for 2020 was held in July 2020 due to Covid-19 pandemic), the Company Secretaries play an important role in ensuring that the due processes and proceedings are in place and properly managed. During the meeting, the Company Secretaries assist the Chairman and the Board to conduct the meeting and ensure the minutes are properly recorded, particularly the questions raised by the shareholders. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The annual meeting calendar is prepared and circulated in advance at the end of the previous financial year prior to the commencement of the new financial year in order to facilitate the Directors' time planning. The calendar provides Directors with scheduled dates for meetings of the Board and Board Committees, and the Annual General Meeting of the Company for the upcoming year. Board's and Board Committees' meetings materials are circulated at least one week in advance of the Board and Board Committees meetings to allow sufficient time for the directors to read and understand the contents, obtain further clarification if necessary, and enable focused and constructive deliberation at Board meetings.</p> <p>Draft minutes of previous meeting are circulated together with the agenda and Board's and Board Committees' meetings materials for each Board meeting whilst confirmation of minutes of previous meeting is set as the first agenda of each Board and Board Committees meetings, where applicable.</p> <p>In the intervals between Board meetings, any matters requiring the Board's decision will be approved through circular resolutions which are then noted and confirmed at the next Board meeting.</p> <p>The summary of Directors' dealing in the Company's shares are also tabled for notation and confirmation at the Board meeting.</p> <p>Senior Management is requested to attend the Board meetings to present and provide additional information on matters being discussed and to respond to any queries that the Directors may have.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		



### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	<p>All Board members are expected to show good stewardship and act in a professional manner, as well as uphold the core values of the Group. The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Group.</p> <p>The Board Charter (“Charter”) is established to reflect the current best practices and the applicable rules and regulations. The Board is guided by the Charter which provides reference for the directors in relation to their role, powers, duties and functions. The Charter outlines the processes and procedures for the Board and Board Committees to be effective and efficient. The Board reviews annually the Charter to ensure its relevance in assisting the Board in discharging its duties and to remain consistent with the Board’s objectives and responsibilities.</p> <p>The last review of the Charter was on 29 May 2020. It was revised to include the provision for compliance with the Group’s Anti-Corruption Policy and Guidelines and Whistleblowing Policy and Procedure which are required to be observed by all the Board members and personnel of the Group.</p> <p>The revised Charter is available on the Company’s website for reference at <a href="http://www.dkls.com.my">www.dkls.com.my</a></p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Board is committed to creating a corporate culture within the Group to operate the businesses and affairs in an ethical and professional manner and to uphold the highest standards of integrity and exemplary corporate conduct.</p> <p>The Board has formalised a Code of Conduct ("Code") to assist the directors and all personnel of the Group in defining the ethical standards and conduct at work and beyond normal working hours which they should possess in discharging their duties and responsibilities at the highest standards of personal integrity and professionalism.</p> <p>The Code covers the following core areas of conduct:</p> <ul style="list-style-type: none"><li>• Compliance with laws and regulations</li><li>• No conflict of interests</li><li>• Maintenance of confidential information</li><li>• Safeguard insider information</li><li>• Protection of properties, assets, business records and control</li><li>• Business courtesies and gifts</li><li>• Health and safety</li><li>• Fair and courteous behaviour</li><li>• Misconduct</li></ul> <p>During the financial year 2020, the Board has approved and adopted the Anti-Corruption Policy and Guidelines ("AC Guide") of the Group to ensure the practice of ethical business dealings and to strengthen measures in minimising the risk of corruption in the Group's activities</p> <p>The Board will review the Code when deemed necessary to ensure it remains relevant and appropriate. The Code and the AC Guide can be viewed on the Company's website at <a href="http://www.dkls.com.my">www.dkls.com.my</a>.</p>
<b>Explanation for departure</b> :	

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

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

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with the commitment to maintain the highest possible standards of ethical and legal conduct within the Group, and in order to enhance good governance and transparency, the Board has developed a Whistleblowing Policy and procedure with the aim to provide and facilitate a mechanism for any persons to report concerns related to any suspected and/or known misconduct, wrongdoing, corruption, fraud, waste and/or abuse of which they become aware, and to ensure that the reporting person can report allegation of such malpractice or misconduct in an appropriate manner and without fear of retaliation.</p> <p>Confidentiality and anonymity are offered to the reporting persons who report their concerns in good faith and in doing so, have to follow the appropriate channel of reporting accordingly. This will ensure that issues could be addressed to the appropriate person and proper course of actions could be taken.</p> <p>The policy and procedures also include the contact details of the Audit Committee's Chairman, being the senior independent director, should the reporting person be in doubt of the management's independence and objectivity on the concerns raised.</p> <p>All reports will be investigated promptly and dealt with fairly and equitably. Actions will be taken based on the nature of the allegation and may be resolved by agreed action. The Audit Committee's Chairman may initiate the formation of an investigation team, if deemed necessary.</p> <p>The Whistleblowing Policy can be viewed on the Company's website at <a href="http://www.dkls.com.my">www.dkls.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board has six (6) members, comprising three (3) executive and three (3) non-executive directors during the financial year 2020. The non-executive directors include the Chairman of the Board who is non-independent. The remaining two (2) non-executive directors are independent as defined in the Listing Requirements.</p> <p>The Board currently comprises two (2) independent directors, representing 33.3% of the Board, having complied with Paragraph 15.02 of the Listing Requirements which requires at least two (2) or one-third (1/3) of the Board, whichever is higher, to be independent directors. However, this is a departure from the recommendation under Practice 4.1 of The Malaysian Code on Corporate Governance (“MCCG”), which requires companies to have at least half of their Boards to comprise independent directors. The Board will continue to work towards having more independent directors. The Nomination and Remuneration Committee will continue to identify suitable candidates as independent director when there is a vacancy in the Board room.</p> <p>The presence of the independent directors fulfils a pivotal role in corporate accountability. Although all directors are jointly responsible for the Group’s strategic business direction, the role of these independent directors is particularly important as they provide unbiased and independent views, advice and judgment taking into account the long-term interests of our stakeholders, namely the Company’s shareholders, employees, customers, business associates and the community as a whole. Therefore, no individual director can dominate the decision-making process.</p> <p>The Board performs annual assessment on the independent directors to ensure that the independent directors are independent of management and free from any business or other relationship which could materially interfere their independent judgement or ability to act in the best interests of the Company.</p>	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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.

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	<p>The Board noted that Practice 4.2 of MCCG recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years. The Company does not have a formal term limit for independent directors as the Board holds the view that a director's independence cannot be determined solely with reference to his/her tenure of service but believes that continued contribution by the independent directors provides benefit for the Board and the Company as a whole. The calibre, qualification, experience and personal qualities, particularly of the independent directors' integrity and objectivity in discharging his responsibilities in the best interest of the Company predominantly determines the ability to serve effectively as independent directors.</p> <p>However, the Nomination and Remuneration Committee will assess and justify the objectivity, independence, calibration, integrity, expertise and knowledge for re-appointing independent directors whose term have exceeded nine (9) years, if such circumstances arise. The said re-appointment would also be obtained through shareholders' approval in the AGM.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	Not applicable as our company is not one of the FTSE Bursa Malaysia Top 100 index Company and our market capitalisation is below RM2 billion.

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Nomination and Remuneration Committee is responsible for proposing new nominees for appointment to the Board and recommends to the Board for approval on the appointment, re-appointment, re-election and annual assessment of directors.</p> <p>The Committee shall consider and recommend to the Board the qualified candidates who demonstrate integrity, reliability and knowledge of corporate affairs; and the candidate's professional experience and personal accomplishments. The Committee shall also consider the ability of the candidate to attend Board and committee meetings regularly and devote sufficient time and effort to carry out their duties and responsibilities effectively, and be committed to serve on the Board for an extended period of time. In the case of candidates for the position of independent directors, the Committee also evaluates the individual candidates' ability to discharge such duties and responsibilities as expected from independent directors.</p> <p><b>Board and Individual Director Assessment</b></p> <p>The Committee conducts annual assessment of each individual director to ensure the effectiveness of the Board as a whole and recommends for the re-appointment and re-election of directors who are seeking for the re-appointment and re-election at the AGM. In determining the independence of individual directors, the Committee conducts assessment on the independent directors annually.</p> <p>In terms of Board composition, the Committee will consider the diversity in business background, area of expertise, skills, educational background, gender, and ethnicity as well as other factors that may provide the Board with a broader range of viewpoints and perspectives. In determining whether to recommend a director for re-election or re-appointment, the Committee shall consider the director's past attendance at meetings and participation in and contributions to the activities of the Board.</p> <p>The appointment of key senior management was also made with due regard for diversity in skills, experience, age and gender. Our board members and senior management team comprise experts in finance, sales, legal, engineering, constructions and quarrying. Refer to Profile of Key Senior Management in Annual Report 2020.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to</i>	



<i>complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board recognises the importance of diversity in designing its composition and total manpower. The Board, through the Nomination and Remuneration Committee, continuously reviews the composition of the Board and source for suitable directors to conform to the MCCG. The Board, through Nomination and Remuneration Committee will consider candidates from a number of aspects, including but not limited to gender, ethnic and age with the appropriate skills, experience and characteristics, cultural and educational background, regional and industry experience, exposure and professional experience as part of its selection exercise. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.</p> <p>The Nomination and Remuneration Committee is also responsible in ensuring that diversity principles are adopted in board appointments, board performance evaluation and succession planning processes.</p> <p>The Board considers that gender diversity contributes positively to the performance of the Board which is vital to the sustainability of the Group’s businesses.</p> <p>Currently the percentage of women participation in the boardroom is 16.67%. The Board will continue to work towards having more female directors on the Board.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 4.6

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee is responsible for assessing, evaluating and recommending identified candidates to the Board to fill vacancies with the required skill and profession. The potential candidate may be proposed by existing directors, senior management staff, shareholders or independent third-party referrals.</p> <p>The Nomination and Remuneration Committee will strictly adhere to the adopted Policy on Nomination and Assessment Process of Board Members in carrying out its responsibilities in relation to the process for nomination, selection and appointment of new Board member.</p> <p>For an independent director candidate, the Nomination and Remuneration Committee will carry out additional assessment on independence based on the criteria prescribed in the Listing Requirements and its Practice Note 13 prior to recommending to the Board for appointment as an Independent Non-Executive Director.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 4.7

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

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	<p>The membership classification of the Nomination and Remuneration Committee is set out in its Terms of Reference, which is available on the Company's website at <a href="http://www.dkls.com.my">www.dkls.com.my</a>. The last revision of its Terms of Reference was on 29 May 2020.</p> <p>The Nomination and Remuneration Committee is chaired by Cdr (Retd) Poon Wee Ching, who is an independent director.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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 Nomination and Remuneration Committee conducts annual assessment of the Board and each individual director to ensure the effectiveness of the Board as a whole and recommends for the re-appointment and re-election of directors who are seeking for the re-appointment and re-election at the AGM.</p> <p>The scope of the assessment comprised the following:</p> <ul style="list-style-type: none"><li>• Board structure</li><li>• Board operations and interactions</li><li>• Board roles and responsibilities</li></ul> <p>Based on the recent annual assessment, the Committee was satisfied that the Board structure was efficient and the Board composed of directors with appropriate mix of skills and experience to meet the Company's requirements and the independent directors have fulfilled the criteria for independence as defined in the Listing Requirements.</p> <p>The Committee also conducts annual overall performance review of the term of office of the Audit Committee members which covered the following aspects:</p> <ul style="list-style-type: none"><li>• Quality and composition</li><li>• Skills and competencies</li><li>• Meeting administration and conduct</li></ul> <p>Evaluation of the Audit Committee was based on self and peer evaluation basis as the members of the Nomination and Remuneration Committee were the same as that of the Audit Committee.</p> <p>Based on the annual assessment for the financial year 2020, the Committee was satisfied that the Audit Committee was competent and efficient in discharging and fulfilling their roles and responsibilities.</p>
Explanation for departure :	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	

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

## Intended Outcome

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 Board has adopted a Directors' Remuneration Policy for the executive directors and non-executive directors. The last revision to the Directors' Remuneration Policy was on 29 May 2020. The Directors' Remuneration Policy provides a basis to ensure that the executive and non-executive directors are fairly rewarded for their individual contributions to the Company's and the Group's overall performance and that their remuneration commensurate with their level of responsibilities. On the annual non-contractual bonus for executive directors, a mechanism has been set up to support the delivery of short term operational, financial and strategic goals of the Group.</p> <p>All non-executive directors are paid a fixed base fee to compensate them for their services to the Board. The fees paid to non-executive directors are not linked to the financial results of the Company or the Group as a whole. Non-executive directors' fees are set to reflect the time commitment, experience, nature and size of the Company.</p> <p>The evaluation of key and senior management personnel is carried out in accordance with the prevailing Human Resource policies of the Group at the discretion of the directors.</p> <p>The Nomination and Remuneration Committee considers the principles recommended by the MCCG in determining the directors' remuneration whereby the executive directors' remuneration is designed to link rewards to the corporate performance whilst the remuneration of the non-executive directors is determined in accordance with their experience and level of responsibilities assumed.</p> <p>The Nomination and Remuneration Committee reviews and assesses annually the framework of executive remuneration and its cost and to determine on behalf of the Board specific remuneration packages and conditions of employment for executive directors to ensure that the Company attracts and retains those executives needed to run the Company successfully.</p> <p>The directors' remuneration shall be the ultimate responsibility of the Board as a whole after considering the recommendations of the Nomination and Remuneration Committee. Directors, whether executive or non-executive, shall not participate in decisions on their own remuneration packages.</p> <p>The details of the remuneration paid by the Group and the Company to each director who served during the financial year ended 31 December</p>

	2020 is disclosed in the Corporate Governance Overview Statement of the Annual Report 2020, which is available on the company's website.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		



### Intended Outcome

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

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

### Practice 6.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee comprises wholly non-executive directors. The terms of reference of the Committee is available at the Company's website <a href="http://www.dkls.com.my">www.dkls.com.my</a>. The last revision to the terms of reference was made on 29 May 2020.</p> <p>The Nomination and Remuneration Committee is responsible in recommending the remuneration framework for the directors with a reasonable basis.</p> <p>The Board is satisfied that the Nomination and Remuneration Committee has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions. As such, there is no need to separate the nomination and remuneration functions into distinct nomination and remuneration committees.</p> <p>The evaluation of key and senior management personnel is carried out in accordance with the prevailing Human Resource policies of the Company at the discretion of the directors.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	In line with the best corporate governance practices, the disclosure of the Directors' remuneration on a named basis is provided in the Annual Report.  The detailed disclosure of remuneration breakdown for all directors is in the Corporate Governance Overview Statement of the Annual Report 2020.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>While the Company notes the need for corporate transparency in the remuneration of its key senior management executives (ie top five senior management’s remuneration in bands of RM50,000 on a named basis), the Company notes that the disclosure of such details may be detrimental to its business interests, given the competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company’s business activities, where poaching has become a common practice. Hence, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues. The Company further believes that the interest of the shareholders will not be prejudiced as a result of such non-disclosure of the remuneration of the key senior management personnel who are not directors.</p> <p>To provide some insight on the level of remuneration paid to the senior management team, the Company has taken steps to disclose the aggregate total remuneration paid to the top eight (8) key senior management personnel. The aggregate remuneration for these key senior management personnel for the financial year ended 31 December 2020 is approximately RM3.72 million.</p>	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Board will continue to evaluate the implications of the detailed disclosure of senior management’s remuneration and consider such disclosure in future.	
Timeframe	:	Others	To be reviewed annually

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	Not applicable as our company is not one of the FTSE Bursa Malaysia Top 100 index Company and our market capitalisation is below RM2 billion.

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee comprises three (3) members where two (2) members are independent non-executive directors and one (1) is non-independent non-executive director.</p> <p>The Audit Committee is chaired by an independent director, Mr Chin Kok Tong, who is a member of Malaysian Institute of Certified Public Accountants ("MICPA") and Malaysian Institute of Accountants ("MIA"). He is not the Chairman of the Board.</p>	
<b>Explanation for departure</b>	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	None of the current members of the Board or the Audit Committee had been associated with nor have they held any senior leadership position with the Group's appointed external auditors in the past two (2) years.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>In determining the suitability, objectivity and independence of the external auditors, Messrs Ernst &amp; Young PLT (“EY”), the Audit Committee considered several factors which include size of audit firm, level of competitiveness in audit services market, tenure of audit firm serving and size of audit fees received by EY in relation to total percentage to annual audit revenue. Based on the review, the Audit Committee is of the opinion that EY is, and is perceived to be, independent for the purpose of the Group’s statutory financial audit. EY has declared its independence and compliance with the other ethical requirements of the By-Laws on Professional Ethics of Malaysian Institute of Accountants to the Group.</p> <p>In order to provide support for an assessment on independence, the Audit Committee has obtained written assurance from EY confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>In reviewing the nomination of EY for re-appointment as external auditors for the financial year 2020, the Audit Committee, satisfied with EY’s performance, technical competency and audit independence as well as fulfilment of the criteria set by the Audit Committee, has recommended to the Board the re-appointment of EY as external auditors for the financial year ending 31 December 2020. The Board has approved the Audit Committee’s recommendation for shareholders’ approval to be sought at the AGM dated 27 July 2020 in regards to the appointment of EY as external auditors of the Company for the financial year 2020. The role of the Audit Committee in relation to the assessment of the external auditors is stated on the summary of activities of the Audit Committee Report of the Annual Report 2020.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	Not applicable as our company is not one of the FTSE Bursa Malaysia Top 100 index Company and our market capitalisation is below RM2 billion.



## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.5

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

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Audit Committee is established with the primary objective of assisting the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Company and its subsidiaries and to ensure an objective and professional relationship is maintained with the external auditors. The Committee has full access to the auditors both internally and externally who, in turn, have full access at all times to the Chairman of the Committee.</p> <p>The Audit Committee is chaired by Mr Chin Kok Tong, who is a member of Malaysian Institute of Certified Public Accountants ("MICPA") and Malaysian Institute of Accountants ("MIA"), and is continuously attending seminars to keep abreast of latest development and changes in the rules and regulations. The other members, Dato' Ding Pei Chai and Cdr (Retd) Poon Wee Ching have diversified exposure experience in engineering and construction, logistics and supply chain management and ISO 9000 implementation. The Audit Committee members possess a wide range of necessary skills and experience from finances and management to engineering aspect to discharge its duties efficiently.</p> <p>The Committee meets at least four (4) times a year. The members of the Committee and the attendance of each member is reported in the Audit Committee Report of the Annual Report 2020. Representatives of the Company's external auditors and internal auditors of the Group are normally invited to attend the meetings, as and when required.</p> <p>The Board shall, on a continuous basis, evaluate and determine the training needs of its members to assist them in the discharge of their duties as directors. Disclosure of the training programmes attended by the directors is in the Corporate Governance Overview Statement of the Annual Report 2020.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

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

### Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>A formal risk management framework has been established with the aim of outlining the Group's risk context which comprises the Group's philosophies, strategies and policies, and operating system so as to better manage and mitigate the risks faced by the Group. The framework is also designed to provide assurance to the Board that a sound risk management and internal control system is in place.</p> <p>The risk management framework and internal control system, however, are designed to manage the Group's risks within an acceptable level, rather than eliminate the risk of failure to achieve the business objectives of the Group. It can therefore only provide reasonable and not absolute assurance against material misstatement of Management and financial information or against financial losses and fraud.</p> <p>Disclosure of the state of the Group's risk and internal controls during the year 2020 can be found in the Statement on Risk Management and Internal Controls of the Annual Report 2020.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has disclosed the key features of its risk management and internal control system as well as its adequacy and effectiveness in the Statement on Risk Management and Internal Control of the Annual Report 2020.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

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

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	Not applicable as our company is not one of the FTSE Bursa Malaysia Top 100 index Company and our market capitalisation is below RM2 billion.

### 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 Company has outsourced the internal audit function to an independent professional services firm, KPMG Management &amp; Risk Consulting Sdn. Bhd.</p> <p>The Audit Committee meets with internal auditors periodically to discuss the scope of audit, observations and findings for each audit undertaken. The Audit Committee reviews and approves the Internal Audit Reports of the Group with the presence of the external auditors but without the presence of the management, and also will appraise the adequacy of actions and remedial measures taken by the management in resolving the audit issues reported and recommended by the internal auditors for improvement measures.</p> <p>The activities carried out by the internal auditors are disclosed in the Audit Committee Report of the Annual Report 2020.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

## Intended Outcome

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;- disclose in audit committee report - function
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>By virtue of paragraph 15.27 of the Listing Requirements, the Company is required to establish an internal audit function that directly reports to the Audit Committee. This is an important source of advice for the Audit Committee by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance process. Therefore, it is important to ensure that internal audit personnel are free from any relationship or conflicts of interest, which could impair their objectivity and independence.</p> <p>The Company has outsourced the internal audit function to an independent professional services firm, KPMG Management &amp; Risk Consulting Sdn Bhd. The engagement team members for the project are Dato' Ooi Kok Seng as Executive Director, Ms Phoon Yee Min as Engagement Director and Ms Koay Lay Min as Associate Director. The internal auditors deploy a structured internal audit approach encapsulated in the KPMG Internal Audit Methodology ("KIAM"), which is aligned with the International Professional Practices Framework for the Internal Audit function as promulgated by the Institute of Internal Auditors.</p> <p>Every year, internal auditors will report their observations and findings on pre-planned and pre-approved scope to Audit Committee without the presence of the management.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Board always ensures that its communication with the shareholders and other stakeholders is effective, transparent and timely through various platforms.</p> <p>The following means of communications were utilised as channels for sharing of substantial information with shareholders, investors and members of the public:-</p> <p><b>Annual General Meeting</b></p> <p>The Company's AGM which is held not later than 30 June each year (the AGM for year 2020 was held in July 2020 due to Covid-19 pandemic) remains the principal forum for dialogue and interaction with shareholders. The Board regards the AGM as an important channel of communication, as it serves as a forum for direct two-way interaction between shareholders, Board and management on the Group's strategy, operations, performance and major developments. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf.</p> <p>The Board has ensured having the Notice of AGM together with the Form of Proxy given to shareholders at least 28 days before the AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf. Each item of special business included in the Notice of AGM is accompanied by an explanatory statement for the proposed resolution to facilitate the full understanding and evaluation of issues involved. All directors and key senior management personnel are present in person to engage directly with shareholders and be accountable for their stewardship of the Company.</p> <p><b>Annual Report</b></p> <p>The Annual Report of the Company remains the source of information for the shareholders and other stakeholders. The contents of the Annual Report comprise details of the business, financial performance, direction and other activities of the Company which have enhanced the transparency level of the Group generally and meet the Listing Requirements and other governing regulatory requirements. Effective communication through timely announcements and release of financial results on a quarterly basis also provides shareholders and the investing public with an overview of the Group's performance and operations. An online version of the Annual Report is also available at the Bursa Malaysia's website at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>.</p>



	<p><b>Website</b></p> <p>The Company's corporate website at <a href="http://www.dkls.com.my">www.dkls.com.my</a> also provides an avenue for accessing to the latest corporate information and development of the Company easily and immediately. It houses information of the Group which includes corporate profile, properties development for both residential and commercial (including current and future launches), financial results, press releases and corporate news and events.</p> <p>Alternatively, Bursa Malaysia's website at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a> would be another source of information to shareholders, investors and public community on the various announcements made by the Company from time to time in addition to Annual Report, Circular to Shareholders and quarterly financial results submitted to Bursa Malaysia.</p> <p>The Company has also published its Investor Relations Contact on its website.</p> <p><b>Online social networking</b></p> <p>By recognising broader communication, the Company has embarked on its social media journey by registering itself with online social networking platform such as Facebook fan page of DKLS Premierhome Sdn Bhd for its property development activities.</p> <p><b>Senior Independent Director</b></p> <p>The Board has designated Mr Chin Kok Tong as the senior independent director of the Company to whom shareholders may address their concerns relating to the Group. At all times, shareholders may contact the Company through the Company Secretaries for information.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 11.2

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

<b>Application</b> :	Departure (not applicable)	
<b>Explanation on application of the practice</b> :		
<b>Explanation for departure</b> :	Not applicable as our company is not one of the FTSE Bursa Malaysia Top 100 index Company and our market capitalisation is below RM2 billion.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Company has consistently adhered to best practice by circulating its notice for an AGM to the shareholders at least 28 days prior to the meeting, well in advance of the 21 days requirement under the Companies Act 2016 and the Listing Requirements. The notice for an AGM is accessible by the shareholders via Bursa Malaysia's website. The said notice is also advertised in one (1) of the nationally circulated daily newspapers.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All directors have been present in person in the previous AGMs to engage directly with shareholders and be accountable for their stewardship of the Company.</p> <p>At the forthcoming AGM, all directors are encouraged to attend in person to engage directly with shareholders. Questions from shareholders will be attended to at the AGM itself by the responsible director or staff personnel.</p>	
<b>Explanation for departure</b>	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b> :	Departure	
<b>Explanation on application of the practice</b> :		
<b>Explanation for departure</b> :	DKLS has adopted poll voting at the AGM held for all the resolutions proposed, where the votes were cast by way of voting slips in accordance with the Listing Requirements. The Company has appointed Shared Services & Resources Sdn Bhd as Poll Administrator to conduct the polling process and DTNC Management as scrutineers to verify the poll results.	
	Currently, the total number of shareholders is below 1800. Our AGM is conducted in a hotel located in the Ipoh city which has sufficient car parks and is accessible by public transport. The Company will consider leveraging on technology to facilitate shareholders' participation in the meetings should the need arises in the future.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		