

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7246
COMPANY NAME : SIGNATURE INTERNATIONAL BERHAD
FINANCIAL YEAR : December 31, 2023

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is responsible for the leadership, oversight, control, development and long-term success of the Group. It is also responsible for instilling the appropriate culture, values and behaviour throughout the Group as well as reviewing and adopting a strategic plan for the Group's future growth and expansion with a view to support long term value creation for shareholders. The roles and responsibilities of the Board are set out in the Board Charter.</p> <p>The Board has delegated certain of its responsibilities to the Committees of the Board namely, Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). The roles and responsibilities of the Board Committees in discharging their functions delegated by the Board are set out in their respective Terms of Reference.</p> <p>The Board plays a critical role in setting the appropriate tone at the top and is charged with leading and managing the Group in an effective, good governance and ethical manner.</p> <p>During the financial year ended 31 December 2023 ("FY2023"), the Group's business plan and management proposal were presented to the Board during Board meeting. The Board reviewed, discussed and approved Management's proposal on the proposed acquisition of an interior fit-out company after thoughtful consideration of long-term value creation.</p> <p>The Board Charter and the Terms of Reference ("TOR") of the Board Committees are available on the Company's website at www.signatureinternational.com.my.</p> |
| Explanation for departure | : | |

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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
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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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is led by Datuk Seri Chiau Beng Teik, JP, a Non-Independent Non-Executive Chairman who is responsible in instilling good corporate governance practices, leadership and effectiveness of the Board.</p> <p>The roles and responsibilities of the Chairman of the Board, amongst others, include:</p> <ul style="list-style-type: none"> a) provide leadership for the Board so that the Board can perform its responsibilities effectively; b) lead the Board in adopting and implementing of good corporate governance practices in the Group; c) lead board meetings and discussions; d) manage the interface between the Board and Management; e) ensure appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; f) set the board agenda and ensure that quality information to facilitate decision-making is delivered to Board members on a timely basis; g) encourage active participation and allow dissenting views to be freely expressed; and h) chair general meetings of shareholders. <p>The roles and responsibilities of the Chairman are specified in the Board Charter.</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 | : | |
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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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises the importance of clear division of responsibility between the Chairman and the Group Chief Executive Officer ("CEO") to ensure a balance of power and authority and no individual has unfettered powers of decision and control.</p> <p>The position of Board Chairman is currently held by Datuk Seri Chiau Beng Teik, JP who is responsible for orderly conduct and function of the Board whilst the position of the Group CEO is helmed by Mr Lau Kock Sang who is responsible for the day-to-day operations and ensuring that the Group's policies and strategies are implemented with the assistance of the senior management team.</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 | : | |
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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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

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| <i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i> | |
| Application : | Applied |
| Explanation on application of the practice : | The Chairman of the Board, Datuk Seri Chiau Beng Teik, JP, is not a member of the ARMC, NC and RC of the Company. The Board Charter and TOR of the Board Committees clearly states that the Chairman of the Board shall not be a member of the ARMC, NC and RC. The non-involvement of the Board Chairman in the Board Committees promotes check and balance as well as objective review by the Board when Board Committees put forward their recommendations. |
| Explanation for departure : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |
| Timeframe : | |

Intended Outcome

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

Practice 1.5

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is supported by two qualified Company Secretaries from Tricor Corporate Services Sdn. Bhd. in discharging their functions. One of the Company Secretaries is an Associate Member of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and another is a member of the Malaysian Institute of Accountants (MIA).</p> <p>The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and play an advisory role particularly with regard to the Company's Constitution, Board policies and procedures and its compliance with the relevant regulatory requirements including codes, guidance and legislation. They have also attended the relevant continuous professional development programmes to constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance.</p> <p>The Company Secretaries attend all Board and Board Committees meetings including general meeting and ensure the meetings are properly convened and all deliberations, proceedings and resolutions passed are accurately captured, minuted and documented. They also circulated the relevant guidelines on statutory and regulatory requirements from time to time and update the Board on the same at Board meetings.</p> <p>All Directors have ready and unrestricted access to the advice and services of the Company Secretaries in carrying out their duties and responsibilities effectively.</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> | | |
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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 1.6

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board are provided with the Board papers at least five business days prior to each Board and Board Committee meetings. This is to accord sufficient time for the Directors and Board Committees members to review and consider the relevant information and to solicit further explanation on the matters to be deliberated at the meeting, if required.</p> <p>The Board and Board Committee meetings proceedings are well-documented by the Company Secretaries. The minutes reflect key deliberations and decisions, rationale for each decision as well as any significant concerns, dissenting views or abstentions by Directors from voting and deliberating on specific matters. Meeting minutes are confirmed at the subsequent Board or Board Committee meeting and signed by the Chairman of the Board or Board Committees respectively. In the intervals between Board meetings, Board's decisions or approvals for matters that are urgent or administrative in nature will be sought via circular resolutions which are supported with relevant information and explanations and the same applies to the Board Committees.</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 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is guided by its Charter which serves as a primary reference and part of the induction literature that ensures all Board members are fully aware of their roles and responsibilities. The Board Charter sets out the Group's governance system and includes documented policies that the Board has decided upon to meet, amongst others, its responsibilities, governance and leadership. It also sets out the delegation of authority by the Board to the Board Committees namely, ARMC, NC and RC.</p> <p>In addition, the Board Charter includes a formal schedule of matters reserved for the Board's consideration and decision.</p> <p>The Board Charter was last reviewed by the Board on 23 August 2022 and is available on the Company's website at www.signatureinternational.com.my.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 3.1

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>To strengthen the standards of corporate governance and corporate behaviour, the Board has formalised a Code of Ethics and Code of Conduct ("the Codes") which were last reviewed on 23 August 2022. The Codes set out the standards which the Directors, officers and employees (collectively "Personnel") of the Company and its subsidiaries are expected to comply with in relation to the affairs of the Company's businesses when dealing with each other, shareholders and the broader community.</p> <p>The Codes are intended to focus on the Board and Management on areas of ethical risk, provide guidance to Personnel to help them to recognise and deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty and accountability.</p> <p>The Codes includes, inter alia, matters relating to conflicts of interest, proper use of the Company's assets and properties as well as knowledge and information on prohibited activities or misconduct involving gifts, gratuities, bribes and corruption, insider trading and money laundering.</p> <p>As part of the Company's commitment against all forms of bribery and corruption, the Board has adopted the Anti-Bribery & Anti-Corruption Policy and Guidelines ("ABAC Policy & Guidelines") which sets out rules and guidance to Directors, employees and business associates who perform work or services for or on behalf of the Group on how to deal with improper solicitation, requests for bribes and other corrupt activities and issue that may arise in the course of business. The ABAC Policy & Guidelines were last reviewed on 21 February 2022.</p> <p>The Company has adopted "No Gift" Policy which all Directors and employees of the Group to abide by the policy to avoid conflict of interest or the appearance of conflict of interest between the Group</p> |

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| | <p>and external parties as gift could be seen as bribe that may tarnish the Group’s reputation or be in violation of ABAC Policy & Guidelines.</p> <p>The Board, through the ARMC, oversees and ensures accountability of corruption risk identified with the corresponding controls to be implemented. Regular risk assessment on an annual basis and/or when there is a change in law or circumstance of the business to ensure the identified corruption risks are remains relevant and adequate mitigating controls are discussed and implemented.</p> <p>In addition, the Company had on 22 November 2022 adopted a Conflict of Interest (“COI”) Policy to ensure that actual, potential and perceived conflicts of interest are identified and managed effectively.</p> <p>The Codes, ABAC Policy & Guidelines and COI Policy are available on the Company’s website at www.signatureinternational.com.my.</p> | |
| <p>Explanation for departure</p> | <p>:</p> | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure</p> | <p>:</p> | |
| <p>Timeframe</p> | <p>:</p> | |

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company's Whistleblowing Policy and Guidelines are in place to provide an avenue and a structured mechanism for all its employees and members of the public to raise or report concerns about ongoing or suspected wrongful activities or wrongdoings within the Group without fear of reprisals and unfair treatment of practices. The Whistleblowing Policy and Guidelines were communicated to the employees to create awareness among the employees.</p> <p>This Whistleblowing Policy and Guidelines sets out the detailed procedures on how to raise complaints, the procedure after a complaint is received and provides general information about whistleblowing and whistleblower protection. All whistleblowing reports would be treated with utmost confidentiality and will be thoroughly investigated. All complaints received will be kept confidential and will be shared only on a "need to know" basis, subject to the top management or the Board's approval.</p> <p>The Whistleblowing Policy and Guidelines is accessible through the Company's website at www.signatureinternational.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 | : | |
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Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Group is committed to operating in a responsible and sustainable manner that facilitates the delivery of holistic, long-term value to the stakeholders and the community at large while also contributing to the conservation of the environment. The Group's commitment towards being a sustainable organisation and its endeavour to continuously improve its sustainability efforts are underlined across four aspects of sustainability i.e. economic, environment, social and governance.</p> <p>The Group's sustainability agenda is driven by the tone from the top where the Board holds the ultimate responsibility on the Group's overall sustainability initiatives, strategies and performance monitoring.</p> <p>The Sustainability Steering Committee ("SSC") was established to lead the formulation of sustainability objectives, targets, priorities and policies by evaluating economic, environment, social, and governance risks and opportunities. The SSC ensures that the development of the sustainability strategies is in line with the Group's business objectives.</p> <p>The SSC is supported by Sustainability Working Groups, comprising the senior management team who is responsible in developing the specific sustainability programme and goals within their respective purview in the daily operations. They assume the executive role to implement such programme and track the sustainability metrics and measures thereafter for a continuous sustainability performance monitoring. With their expertise in the respective function, they advise and highlight sustainability risks and opportunities to the SSC to ensure that the Group's sustainability management remains effective and aligned with the latest business environment.</p> <p>The Company's sustainability report encompassing the Group's on-going sustainability efforts, targets, activities and achievement are embedded in the Sustainability Statement of Annual Report 2023.</p> |

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| Explanation for departure : | | |
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| Timeframe : | | |

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>Throughout the years, the Board strives to keep the internal and external stakeholders informed on the Group’s sustainability activities including the Company’s strategies, priorities and targets.</p> <p>The Company has established various types of stakeholders’ engagement with its key stakeholders and remains committed to communicate effectively with them on the Company’s sustainability strategies, priorities, targets as well as to gain insights on their areas of concern and expectations for the development of the Company’s sustainability strategies.</p> <p>The comprehensive description of the Group’s sustainability practices and corporate social responsibility initiatives are disclosed in the Sustainability Statement in the Annual Report 2023.</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 | : | | |
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Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board continuously keeps themselves abreast with and understanding to sustainability agendas of the Group and its business. The relevant sustainability issues relevant to the Company and its business such as compliance with law and regulations, occupational safety and health are constantly brought up in the boardroom for discussion and awareness.</p> <p>During the FY2023, the Board had attended a training entitled “Effective Business Continuity Management (BCM) for Business Survival” to understand the key concepts and latest developments in BCM requirements as well as strategies for optimal BCM implementation.</p> <p>In view of the increased interest from stakeholders and regulators on matters relating to sustainability, the Group will continue to engage its stakeholders and explore further improvement in conducting the business in a more sustainable manner. The Board is also mindful of the need to keep abreast of the external trends.</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 | : | |
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Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The NC with the assistance of the Company Secretary carries out annual assessment and evaluation of the individual Directors, Board and Board Committees. The assessment process encompasses amongst others a review on:</p> <ul style="list-style-type: none"> • the required mix of skills, knowledge, professional background, experience of the Board; • the performance of the Board in addressing the Company’s material sustainability risks and opportunities; • the performance and effectiveness of the Board and Board Committees; and • the contribution of each individual Director in carrying out their duties and responsibilities. <p>In order to ensure that the senior management’s goals are aligned with the Group’s sustainability objectives, the Company has adopted a Performance Management System to assess their individual and team performance in achieving the respective key performance indicators set 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> | | | |
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Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

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| 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 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The NC is entrusted by the Board to recommend the most suitable candidates to the Board and assess the appropriateness of the Board composition as well as the performance of the Board, Board Committees and individual Directors.</p> <p>The NC, in accordance with its TOR, is also tasked to review and assess the tenure, performance and contribution of retiring Directors including the fit and proper criteria as set out in the Directors' Fit and Proper Policy, prior to recommending to the Board for consideration.</p> <p>In considering the recommendation of Datuk Seri Chiau Beng Teik, JP, Dato' Che Halin Bin Mohd Hashim and En Rozahan Bin Osman for re-election as Directors, the NC had reviewed and assessed their performance and contribution as well as fit and proper declaration. The NC concluded that the retiring Directors met the fit and proper criteria as set out in the Directors' Fit and Proper Policy and have carried out their duties and responsibilities effectively during the FY2023. The NC then recommended the re-election of the aforesaid Directors to the Board and subsequently to the shareholders for approval at the 17th Annual General Meeting ("AGM") to be held on 10 June 2024.</p> <p>The NC had also in February 2024 conducted an annual assessment to evaluate the performance of the Board, Board Committees and individual Directors for FY2023. Based on the assessment report, the NC was satisfied that the existing Board and Board Committees have the right size, balance and composition in terms of mix of skills, knowledge and experience to optimise the Company's performance and strategy.</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> | | |
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Intended Outcome

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

Practice 5.2

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

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| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The Board currently has seven Directors, comprising two Non-Independent Non-Executive Directors, two Executive Directors and three Independent Non-Executive Directors. The Board has the right size, with the right balance of executive and non-executive directors and is in compliance with Paragraph 15.02(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Securities which requires at least two Directors or one-third of the Board of Directors are Independent Directors.</p> <p>Whilst the Board does not comprise a majority of Independent Directors, in order to promote greater objectivity and independence in boardroom’s deliberation and decision making, all Independent Directors are free from any relationships with the Group, its Board members, and its substantial shareholders that could interfere or be reasonably perceived to interfere the exercise of the Directors’ independence judgement in the interest of the Company. Due to their perceived distance from the Company, they act as a balancing element in boardroom discussions between different shareholder representatives and managing conflicts of interest affecting Board members.</p> <p>Moreover, the Independent Directors are of high calibre with diversified background and skills, and in-depth experience in boardroom and leaderships positions. They are able to contribute their expertise and experience in discharging their duties and responsibilities by bringing in external perspective and exercising independent judgement with unbiased views to foster greater objectivity in boardroom.</p> <p>The Company will annually review the size and composition of the Board as well as the independence and tenure of each Independent Director through the NC and to ensure that the Board has the appropriate mix of expertise and experience to govern and manage the Group’s affairs.</p> |

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| | <p>The NC had on 26 February 2024 assessed the tenure and level of independence of the Independent Directors. Both the NC and the Board are of the view that there is an appropriate level of independence as the Independent Directors are able to provide necessary checks and balances on the Board’s decision-making process through objective participation in Board deliberations and exercise objective judgement independently for the interest of the Group, stakeholders and shareholders.</p> <p>No politician is appointed on the Board of the Company as at the date of this report.</p> | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure</p> | <p>:</p> | <p>Please explain the measure(s) the company has taken or intend to take to adopt the practice.</p> |
| <p>Timeframe</p> | <p>:</p> | <p>Choose an item.</p> |

Intended Outcome

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

Practice 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

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| Application | : | Applied | |
| Explanation on application of the practice | : | Not applicable – No independent director(s) serving beyond nine (9) years. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
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Intended Outcome

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

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

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| 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 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>In recommending the appointment of Directors, the NC considers the salient attributes such as mix of skills and experience, strengths, expected contribution, independence (where applicable) and the multiple facets of diversity to ensure a balanced mix of talents on the Board level.</p> <p>The current composition of the Board includes a diverse mix of skill sets, knowledge and experience (comprising accounting, finance, business administration and business management) and age (ranging between 30-70).</p> <p>The Board, alongside the NC, undertakes periodic reviews of the composition of the Board to ensure that they remain diverse. The appointment of senior management personnel is also based on pre-determined criteria that include skill sets and leadership qualities, driven by their respective job descriptions.</p> <p>The Board strives to ensure that there is no discrimination on age, gender, ethnicity and cultural background when deciding candidates on the composition of the Board and senior management team.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The NC will be guided by the principles mentioned under Practice 5.5 while assessing and recommending suitable candidates for the appointment of Board and senior management.</p> <p>The NC also relies on the existing network and referrals from Directors, Management and major shareholders as a source for new directors as they represent a tried and tested method of sourcing high-calibre directors with a sound understanding of the business.</p> <p>There was no new appointment of Director during the FY2023.</p> <p>The procedures for appointing Directors are set out in the TOR of the NC which is available at the Company's website.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | Shareholders were provided with detailed information on Directors who are standing for re-election at the Company's 17 th AGM to be held on 10 June 2024 via the Board of Directors' Profile disclosed in the Annual Report 2023. The Board also provided in the statement accompanying the Notice of the 17 th AGM, a brief description of the Directors standing for re-election, including their interest, position and relationship within or outside the Company (if any), as well as the Board's statement relating to the reasons to support the NC's recommendation for the re-election to enable the shareholders making informed decision on the re-election of 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 5.8

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The NC is chaired by Dato' Che Halin Bin Mohd Hashim, the Independent Non-Executive Director.</p> <p>The Board recognises the need for the Chairman of NC to be independent to ensure objectivity and independent judgement during deliberations.</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 5.9

The board comprises at least 30% women directors.

| | | | |
|--|---|--|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | The Board acknowledges the benefits of having a diverse Board including gender diversity and believes that a diverse Board will leverage differences in opinion, perspective and insights. | |
| | | The Company currently has one (1) women Director, representing 14% women representation on the Board. The Board is of the view that, while it is important to promote gender diversity on the Board, the selection criteria based on an effective blend of merits, competencies, knowledge, skills, experience and contribution to the Company and workplace should remain the priority. | |
| | | The Board supports the aspirational target of 30% representation of women directors and endeavours to identify and source for a suitable candidate, as guided by Diversity Policy. | |
| <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

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

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Board is supportive of gender diversity and remains committed to improve women participation in all levels of the organisation, including appointment of candidate to the Board, senior management, officers and employees. It aims to achieve the aspirational 30% and 10% target for women representation on Board and senior management respectively.</p> <p>The Diversity Policy was last reviewed on 23 August 2022 and is available on the Company's website. Details of the Group's gender diversity of the Board and senior management can be found in the Corporate Governance Overview Statement of Annual Report 2023.</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 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

| | |
|--|--|
| <i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : The Board, through NC, annually review the effectiveness of the Board and Board Committees as well as the performance of individual Directors via questionnaires on yearly basis. Each Director is required to complete a set of questionnaires and the results were tabled to and reviewed by the NC. The NC will subsequently table the outcome to the Board for consideration and action. During the FY2023, the NC, facilitated by the Company Secretaries, had conducted a formal and objective internal annual assessment of performance and effectiveness of the Board as a whole, Board Committees and contribution of individual Directors based on self and peer assessments approach. The outcome of the assessments together with the feedbacks and inputs provided by the Directors were properly documented and brought to the attention of the Board after the NC meeting. Based on the annual assessment for FY2023, the NC concluded that the existing Board and Board Committees have the right size, balance and composition in terms of mix of skills, knowledge and experience to optimise the Company's performance and strategy. The annual assessment also helped the individual Directors to understand and determine their upskilling or development needs. |
| 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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. 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 acknowledges that remuneration is a key ingredient in attracting, retaining and motivating talented and high-calibre individuals that can successfully run and manage the business of the Company. In this regard, the Board has adopted a Directors and Senior Management's Remuneration Policy in setting out the criteria to be used in recommending the remuneration package of the Directors and senior management.</p> <p>Various factors were considered when determining the remuneration of the Executive Directors and senior management of the Company, among others, duties and responsibilities, skills and experiences, corporate and individual performance, market demand, scale and complexity of the business.</p> <p>The remuneration of the Non-Executive Directors of the Company is determined by the Board as a whole and approved by the shareholders at the AGM of the Company.</p> <p>The remuneration package for Executive Directors has been structured to link rewards to corporate and individual performance while Non-Executive Directors' remuneration reflects their experience, responsibilities and contribution to the Board. Directors do not participate in decisions regarding their own remuneration packages.</p> <p>The Directors and Senior Management's Remuneration Policy is available on the Company's website.</p> |
| Explanation for departure | : | |

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

Intended Outcome

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 7.2

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

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established a RC which comprises exclusively Independent Non-Executive Directors.</p> <p>The RC is principally responsible for reviewing and assessing the remuneration packages of Directors and senior management in all forms to ensure that they remain competitive, appropriate and commensurate with their experience, skills, level of responsibilities as well as industrial benchmark to drive the Company towards long-term sustainable growth.</p> <p>The TOR of the RC which sets out the roles and responsibilities of the RC is available on the Company's website.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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 8.1

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Directors only receive remuneration from the Company. The details of remuneration paid/ payable to each of the Directors in respect of the FY2023 is set out in the following page.</p> <p>Note to be read in conjunction to the table appended below:</p> <p>a) Mr Wang, Yong Neng (no. 8) is an Alternate Director to Mr Gu, Jincheng (no. 4).</p> |

| No | Name | Directorate | Company ('000) | | | | | | | Group ('000) | | | | | | |
|----|---------------------------------|--|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|
| | | | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total |
| 1 | Chiau Haw Choon | Executive Director | 0 | 0 | 55 | 0 | 0 | 8 | 63 | 0 | 0 | 55 | 0 | 0 | 8 | 63 |
| 2 | Shelly Chiau Yee Wern | Executive Director | 0 | 0 | 55 | 0 | 0 | 8 | 63 | 0 | 0 | 55 | 0 | 0 | 8 | 63 |
| 3 | Datuk Seri Chiau Beng Teik, JP | Non-Executive Non-Independent Director | 85 | 0 | 0 | 0 | 0 | 0 | 85 | 85 | 0 | 0 | 0 | 0 | 0 | 85 |
| 4 | Gu, Jincheng | Non-Executive Non-Independent Director | 49 | 0 | 0 | 0 | 0 | 0 | 49 | 49 | 0 | 0 | 0 | 0 | 0 | 49 |
| 5 | Dato' Che Halin Bin Mohd Hashim | Independent Director | 49 | 0 | 0 | 0 | 0 | 0 | 49 | 49 | 0 | 0 | 0 | 0 | 0 | 49 |
| 6 | Rozahan Bin Osman | Independent Director | 55 | 0 | 0 | 0 | 0 | 0 | 55 | 55 | 0 | 0 | 0 | 0 | 0 | 55 |
| 7 | Chee Jee Kong | Independent Director | 49 | 0 | 0 | 0 | 0 | 0 | 49 | 49 | 0 | 0 | 0 | 0 | 0 | 49 |
| 8 | Wang, Yongneng | Non-Executive Non-Independent Director | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 10 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 11 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 12 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 13 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |

| | | | | | | | | | | | | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 14 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 15 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |

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 8.2

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 | : | The Board is of the view that it is not in the best interest of the Company to disclose on a named basis the remuneration of the top five senior management's remuneration component given the competitive pressures in the talent market. | |
| | | The disclosure of the detailed remuneration information may give rise to recruitment and talent retention issues, besides confidential and sensitivity concern. | |
| | | The Board ensures that the remuneration of the senior management commensurate with their individual performance and level of responsibility as well as the demand, complexities and performance of the Company, with due consideration to attract, retain and motivating the senior management. The Board and the RC are guided by the principle that there should not be excessive payment for remuneration. | |
| <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. | |

| No | Name | Position | Company | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| | | | Salary | Allowance | Bonus | Benefits | Other emoluments | Total |
| 1 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 2 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 3 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 4 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 5 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |

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 8.3 - 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 | : | |

| No | Name | Position | Company ('000) | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| | | | Salary | Allowance | Bonus | Benefits | Other emoluments | Total |
| 1 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 2 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 3 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 4 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 5 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |

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 9.1

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Chairman of the ARMC is En Rozahan Bin Osman while the Chairman of the Board is Datuk Seri Chiau Beng Teik, JP, who is not a member of the ARMC.</p> <p>Having the positions of Board Chairman and Chairman of the ARMC assumed by different individuals, it allows the Board to objectively review the ARMC's findings and recommendations with unfettered objectivity and uphold the overall effectiveness and independence of 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

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 9.2

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises the need to uphold the independence of the External Auditors from the Board and Management. In line with the recommendation of the Malaysian Code on Corporate Governance ("MCCG"), the TOR of the ARMC and the External Auditors' Assessment Policy provide that a former key audit partner is required to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC to safeguard the integrity and independence of the audit process.</p> <p>To-date, none of the AMRC members are former key audit partners of external audit firm(s) servicing the Company or 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

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 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has put in place the External Auditors' Assessment Policy which acts as a guideline for the ARMC to discharge its responsibility to review, assess and monitor the performance, suitability and independence of the Company's External Auditors ("EA") to safeguard the quality and reliability of the audited financial statements.</p> <p>The ARMC on an annual basis, assesses the independence and effectiveness of the EA in performing the audit before recommending their re-appointment as the Company's EA. The ARMC also reviews the nature and extent of non-audit services rendered by the EA during the financial year to ensure that the provision of these services did not compromise their independence and objectivity.</p> <p>Guided by its External Auditors' Assessment Policy, the ARMC had on 5 April 2024 assessed the EA, UHY on their quality of services, sufficiency of resources, communication and interaction, independence, objectivity and professional scepticism for the FY2023.</p> <p>During the audit plan review for the FY2023, the EA have also confirmed their independence in accordance with the By-laws of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants' independence requirements.</p> <p>Based on the assessment conducted on 5 April 2024, the ARMC was satisfied with the suitability of UHY in terms of professional staff assigned to the audit, the quality of services and sufficiency of resources provided to the Group. The AC recommended to the Board on the re-appointment of UHY as EA of the Company for the ensuing year.</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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | | |
|--|---|---|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | The Audit Committee comprises solely of Independent Non-Executive Directors, as follows: <ul style="list-style-type: none">- Rozahan Bin Osman (Chairman)- Dato' Che Halin Bin Mohd Hashim (Member)- Chee Jee Kong (Member) |

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 9.5

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

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The current members of the ARMC, collectively, possess a wide range of skills, knowledge and industry practice and the requisite financial literacy to discharge its duties effectively. The qualification and experience of the individual ARMC members are disclosed in the Annual Report 2023.</p> <p>The ARMC members continuously apply critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenge Management's assertions on the Company's financials during the ARMC meeting.</p> <p>The professional development for Directors is an on-going process and the ARMC members are encouraged to attend training programmes to keep abreast of relevant industry issues, market development and trends including accounting and auditing standards, practices and rules to enable them to sustain their active participation in ARMC deliberations. In addition, the ARMC receives updates on new accounting standards from the Company's EA.</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 10.1

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is responsible for the Group risk management framework and internal control system, assisted by the ARMC, to ensure its adequacy, effectiveness and integrity.</p> <p>The Board exercises its oversight of risk management and internal control through the ARMC which meets on a quarterly basis. The ARMC is supported by an adequately resourced in-house Governance Risk & Compliance (“GRC”) team, which reports directly to the ARMC.</p> <p>The internal audit reviews are conducted using a risk-based approach and are guided by the International Professional Practice Framework by the Institute of Internal Auditors.</p> <p>The findings arising from the internal audit process as well as the recommendations for improvement are presented to Management and ARMC. Any significant finding will be brought to the attention of the ARMC immediately instead of reporting during the ARMC meeting.</p> <p>Further details of the risk management framework and internal control system can be found in the Statement on Risk Management and Internal Control of the Annual Report 2023.</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 10.2

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Board has established a framework to review and manage significant risks to the Group.</p> <p>The Board, assisted by ARMC, reviews risk management and internal control issues identified by the Internal and External Auditors. The ARMC also monitors and assesses the risk appetite and risk tolerance of the Group to safeguard the shareholders’ investment and the Group’s assets.</p> <p>Further information on the Group’s risk management framework and internal control system is presented in the Statement on Risk Management and Internal Control of the Annual Report 2023.</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 10.3 - Step Up

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

| | | |
|--|---|-------------|
| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | |

Intended Outcome

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

Practice 11.1

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 ARMC of the Company is responsible for monitoring and reviewing the effectiveness of the Group's internal audit function.</p> <p>The internal audit function is undertaken by the GRC team, which reports directly to the ARMC. The Internal Auditors undertake an independent assessment on the internal control of the Group on a quarterly basis and provide assurance to the ARMC that no material issue or major deficiency has been noted which would pose a high risk to the overall system of internal control under review.</p> <p>In addition, the ARMC meets with the Internal Auditors at least once annually without the presence of Management. The Internal Auditors have unfettered access to the ARMC, the Board and Management as well as the Group's documents, records, properties and personnel.</p> <p>The ARMC was satisfied with the adequacy of the scope, functions, competency and resources of the internal audit functions of the Group for the FY2023.</p> <p>Details of the internal audit function is set out in the Statement on Risk Management and Internal Control and ARMC Report of the Annual Report 2023.</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 11.2

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.

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|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The internal audit function of the Group is performed by the in-house GRC team in which the Head of GRC team and other internal audit personnel are independent from the operational activities of the Company and they do not hold any management authority and responsibility over the Group's operations that internal audit covers in its scope of works.</p> <p>The GRC team, which comprises of four (4) internal audit personnel, is helmed by Mr Benedict Lee. He was formerly an Associate Director (Partner designate) of International Consulting Firm, managing diverse client portfolio of up to 20 listed companies. Additionally, he was a Group Chief Operating Officer of a Property & Asset Management Group. He is a qualified Internal Auditor and is a Chartered Member of the Institute of Internal Auditors Malaysia and the Chartered Governance Institute UK.</p> <p>The number of staff deployed for the internal audit review is ranging from 2 to 4 staff per visit including the Head of GRC team. The staff involved in the internal audit review possesses professional qualifications and/or a university degree. All internal audit work was carried out in accordance with the International Professional Practice Framework issued by the Institute of Internal Auditors Malaysia.</p> <p>The ARMC had on 5 April 2024 assessed the effectiveness of the internal audit function of the Group for FY2023 and was satisfied that the Internal Auditors have discharged their responsibilities in a commendable manner, performed competently, function effectively and have received sufficient resources and adequate authority to carry out their work.</p> |
| Explanation for departure | : | |

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| <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 12.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>Within the organisation, the Group would conduct regular town halls to encourage dialogues between top management and employees. This would provide opportunity for the top management to share important information and ensure everyone understands the goals and values of the organisation from time to time.</p> <p>The Group also recognises the importance of effective and timely communication with shareholders and investors to keep them informed on the Group's latest business and corporate developments. Such information is disseminated via the Group's annual reports, quarterly financial results and through various disclosures via the Group's website as well as the official website of Bursa Securities.</p> <p>The Company's website includes an Investor Relations ("IR") section which is accessible to the public and provides all relevant information on the Company. This IR section enhances relations with the investors by including all announcements made by the Company, share price information, annual report and corporate governance structure of the Company. All investor relations function is handled by the Company.</p> <p>The Company has in place the Corporate Disclosure Policies & Procedures which provides guidance for disclosure of material information and communication with stakeholders in accordance with the MMLR of Bursa Securities.</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 | : | |

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| Timeframe | : | | |
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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 12.2

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

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| Application | : | Not applicable – Not a Large Company | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | | |
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| <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 13.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The 16th AGM of the Company was held on 12 June 2023. The Notice of the 16th AGM and the Annual Report 2022 were issued and made available on the Company's website on 28 April 2023 which was more than 28 days before the AGM.</p> <p>The 17th AGM is to be held on 10 June 2024 and the Notice convening the 17th AGM is sent to shareholders on 30 April 2024 which is more than 28 days prior to the AGM.</p> <p>The Notice of the AGM which outlines the resolutions to be tabled during the meeting, is accompanied with detailed explanatory notes and background information on the matters to be decided at the AGM in order to allow the shareholders to better understand the proposed resolution and make informed decisions on exercising their votes.</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 13.2

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company's 16th AGM held on 12 June 2023 was conducted virtually through live streaming from the broadcast venue via Remote Participation and Voting ("RPV") facilities, allowing attendance of the shareholders and proxies via remote participation and voting in absentia. The RPV facilities were provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via TIIH Online website at https://tiih.online.</p> <p>All Directors were present at the broadcast venue. The Group Chief Financial Officer and the EA were also in attendance via video conference.</p> <p>Since the general meetings were conducted on a virtual basis, the shareholders are encouraged to send questions before the meeting or alternatively, to pose questions during the meetings via query box facility. All issues and questions raised by the shareholders pertaining to the Company's financial statements and business operations were addressed with meaningful responses, which were then recorded in the minutes of the AGM. Subsequently, the minutes of AGM were uploaded to the Company's website.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The 16th AGM of the Company held on 12 June 2023 was conducted virtually through live streaming and online remote voting via the RPV facilities at TIIH Online website at https://tiih.online provided by Tricor.</p> <p>With the RPV facilities, the following measures were implemented to encourage shareholders' attendance and participation and ensure that there will be no meeting interference and all participants' data are kept secure and safe:-</p> <ul style="list-style-type: none">a) A step-by-step administrative guide was circulated to the shareholders together with the Notice of 16th AGM as to facilitate remote participation and electronic voting;b) Electronic lodgement of proxy forms was provided by Tricor via TIIH Online website;c) Electronic submission of questions by shareholders was allowed via TIIH Online prior to the date of meeting or during the meeting;d) The meeting proceeding was live streamed to TIIH Online for remote participants to watch live; ande) Tricor had put in place information technology security measures to prevent cyber threats and data breaches. <p>During the 16th AGM, shareholders used the RPV facilities to pose questions to the Board via real time submission of typed texts. All resolutions set out in the Notice of the 16th AGM were voted remotely using the RPV facilities.</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> | | |

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| 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 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

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| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : Shareholders were given the opportunity to submit questions before the 16 th AGM via TIIH Online website as well as during the AGM using real time submission of typed text via the RPV facilities provided by Tricor. Sufficient time was allocated to address the questions posed by the shareholders. Further, the minutes of the 16 th AGM together with the responses provided by the management team were published on the Company's corporate website within 30 business days after the 16 th AGM. |
| 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 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

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| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : The 16 th AGM was conducted virtually through live streaming and online remote voting via the RPV facilities at TIIH Online website provided by Tricor. A detailed administrative guide attached to the 16 th AGM notice was issued to provide guidance on the registration, participation and voting using the RPV facilities. To familiarise the shareholders with the use of RPV facilities, a step-by-step video guide on remote voting process and posing questions was also presented before the voting commenced. Prior to the 16 th AGM, a dry run was conducted to ensure that the information technology infrastructure and RPV facilities were in working order. Visual and audio tests were conducted to ensure that participants at other locations would be able to access the virtual meeting and participate in the 16 th AGM without any hinderance. In addition, the meeting platform provided by Tricor allows shareholders to participate online, using smartphone, tablet or computer as well as viewing live webcast of the meeting. During the 16 th AGM, questions posed by shareholders were answered by the management team during the questions and answers session. |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
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| Timeframe | : | | |
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Intended Outcome

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

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

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| <i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : The minutes of the 16 th AGM held on 12 June 2023 together with the responses to questions raised by the shareholders were published on the Company's website within 30 business days after the 16 th AGM. |
| 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 | : |

**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.

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