

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0160
COMPANY NAME : HIAP HUAT HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2022

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 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.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board of Directors ("the Board") of the Company collectively leads and is responsible for the success of the Company and its subsidiary and associate companies ("the Group") by providing entrepreneurial leadership and direction as well as supervision of the management. The Board has primary responsibility for the governance and management of the Company, and fiduciary responsibility for the financial and organisational health of the Company.</p> <p>The Board and the senior management work cohesively to formulate and implement the Group's business strategy. The respective roles and responsibilities of the Board and management team are clearly set out and communicated among each other to ensure accountability and ownership by both the parties.</p> <p>The roles and responsibilities of the Board are clearly stated in the Board Charter and each of the Board Committees are governed under the Board Committee's Terms of Reference.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.2

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	:	The Chairman of the Board is En Zulkifly Bin Zakaria, an Independent Non-Executive Chairman/Senior Independent Non-Executive Director. The roles and responsibilities of the Chairman is clearly outlined in the Board Charter of the Company, which a copy of it is available at www.hiaphuat.com .	
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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The position of Chairman and Group Managing Director of the Company are separately held by two (2) different individuals namely En Zulkifly Bin Zakaria being an Independent Non-Executive Chairman/Senior Independent Non-Executive Director and Dato’ Chan Say Hwa, being Group Managing Director.</p> <p>The Chairman is responsible to lead the Board in its collective oversight of management whilst the Group Managing Director is primarily responsible in implementing the Board’s decisions and oversees the Group’s business and day-to-day management.</p> <p>The roles and responsibilities of the Chairman and Group Managing Director are further set out in the Board Charter of the Company.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

<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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Chairman of the Board is also the Chairman of the Audit Committee ("AC") and Risk Management Committee ("RMC"), and a member of Nomination Committee ("NC") and also Remuneration Committee ("RC").
	:	<p>The Board took cognisance that having the same person assume the position of Chairman of the Board and member of other Board Committees gives rise to the risk of self-review and may impair the objectivity of the Chairman.</p> <p>However, En Zulkifly Bin Zakaria is not involved in management and operational matters of the Company, and with the other two (2) independent non-executive members in the Board Committees shall give a check and balance during the deliberation of the Board Committees. The Board also believes that being a Chairman of the Board and also part of the members of the Board Committees could provide a different perspective from his different identity.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Not applicable. The Company is not a large company.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 1.5

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is supported by two (2) qualified and competent Company Secretaries namely Mr Tan Tong Lang (MAICSA 7045482 & SSM PC No. 202208000250) and Ms Thien Lee Mee (LS0010621 & SSM PC No. 201908002254) who give advices and services to the Board from time to time in order to assist the Board to discharge their duties effectively.</p> <p>The Company Secretaries has provided and assisted the Board, Board Committees and/or individual Director on matters including but not limited to Board procedures, legislations, rules and regulations, codes, guidelines and operations matter within the Company. The Board is also regularly updated and advised by the Company Secretaries on the latest statutory and regulatory requirements and the resultant implications to the Company and Directors relation to their duties and responsibilities.</p> <p>The Company Secretaries attended all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and recorded accordingly.</p> <p>The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharging their functions.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.6

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers are forwarded to each director no later than seven (7) days before the date of the meeting. This is to enable the Directors to obtain further explanation or additional information, where necessary, in order to be properly briefed or prepared before the meetings.</p> <p>The deliberations and decisions at Board and Board Committees meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.</p> <p>All the minutes of meetings are circulated and confirmed as a correct record of proceedings by the Board and Board Committees at their next meetings respectively.</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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board had adopted a Board Charter which provides guidance to the Board in relation to its role, duties, responsibilities and authorities which are in line with Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and the principles of Malaysian Code on Corporate Governance (“MCCG”). The Board Charter serves as a main source of reference and provides insights to prospective Board members and Senior Management.</p> <p>The Board Charter is reviewed as and when necessary to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board’s objectives. The current Board Charter is accessible for reference on the Company’s website at www.hiaphuat.com.</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

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has established a Code of Conduct and Ethics to enhance the standard of corporate governance and corporate behavior with the intention of achieving the following aims:-</p> <ol style="list-style-type: none">1. To establish a standard of ethical behaviour for directors based on trustworthiness and values that can be accepted, are held or upheld by any one person.2. To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administering a company. <p>The Code of Conduct and Ethics has outlined the following, which serves as a guidelines to the Directors when they discharge their duties:-</p> <ol style="list-style-type: none">(a) Corporate Governance(b) Relationship with shareholders, employees, creditors and customers(c) Social responsibilities and the environment <p>A copy of the Code of Conduct and Ethics is accessible for reference on the Company's website at www.hiaphuat.com.</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	:		
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Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised a Whistle-blowing Policy, with the aim to provide an avenue for all employees of the Groups and the members of the public to disclose any improper conduct in accordance with the procedures as provided for under this Whistle-blowing Policy and to provide protection for employees and members of the public who report such allegations.</p> <p>The Whistle-blowing Policy has defined misconduct acts, procedures of reporting and protection to the whistle-blowers together with a report form.</p> <p>A copy of the Whistle-blowing Policy is available at the Company's website at www.hiaphuat.com.</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 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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has established an Environmental, Social and Governance ("ESG") Policy by believing that introducing ESG considerations in its business decisions is essential foundation to achieve long term business success besides creating value for all its stakeholders, as well as a strategic approach to support and empower communities, encourage social inclusivity and improve the environments.</p> <p>The balancing of ESG with the interest of stakeholders is essential to enhance investor perception and public trust that works towards value enhancement for stakeholders in the long run. The Company also believes that as a responsible corporate citizen, one would have an obligation in making the earth a better place to live in through responsible investing, besides weighing on an appropriate risk-return profile for its investments. With this, the Company incorporated its principles of sustainability into its ESG policy.</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 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.

Application	:	Applied	
Explanation on application of the practice	:	The Board has established an ESG Policy and made it available at the Company's website at www.hiaphuat.com . Further details are disclosed in the Sustainability Statements which inclusion in the Annual Report 2022.	
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 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.

Application	:	Applied	
Explanation on application of the practice	:	The Board has sufficient understanding and knowledge of the sustainability issues that are relevant to the Company and its business, to discharge its role effectively. The measures that the Board has taken to attain a better and more sustainable future are disclosed in the Sustainability Statement of the Annual Report 2022.	
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 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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company recognises the importance of prioritising sustainability as part of its overall approach to value creation. However, the Company has yet to incorporate Environmental, Social and Governance (ESG) issues in performance evaluations of the Board and senior management during the financial year under purview.	
		Currently, the performance review of individual directors and senior management covers for personal characteristic, integrity, competency, mix of skills and experience, time commitment to the Company and level of independence for independent directors, while evaluation on Board performance as a whole covers board structure, board operation and roles & responsibilities of the Board.	
		The Board will consider to incorporate ESG issues in performance evaluations of the Board and senior management in near future.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
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 4.5- 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.

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The NC has been established to assist the Board in review and evaluate the composition and performance of the Directors as well as assessing qualified candidates to occupy the Board positions.</p> <p>During the financial year under review, the NC also has through the assistance of Company Secretaries carried out a review on the Directors' performance and contribution to the Board, and performance of the Board Committees.</p> <p>The annual re-election of retiring Directors has been contingent on satisfactory evaluation of the Director's performance and contribution to the Board.</p> <p>In addition, the Board Charter provides that the tenure of an Independent Director is limited to nine (9) years to ensure progressive refreshing of the Board.</p> <p>The NC assesses the suitability and performance of the individuals who are standing for re-election on the Annual General Meeting ("AGM") through the performance evaluation carried out during the financial year under review.</p> <p>Thereafter, based on the results obtained from the performance evaluation, the NC will recommend the individuals who are standing for re-election to the Board for the approval to put forward the agenda during the AGM for the shareholders' approval.</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	:		
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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.

Application	:	Applied	
Explanation on application of the practice	:	The Board currently comprised of four (4) independent directors out of seven (7) Board members.	
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 5.3

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.

Application	:	Applied
Explanation on application of the practice	:	<p>With the exception of En. Zulkifly Bin Zakaria and Mr. Woo Yew Tim, none of the Independent Directors have served on the Board for more than 9 years.</p> <p>Following an assessment and recommendation by the NC, the Board recommended that Mr. Woo Yew Tim, the independent director who has been served on the Board as independent director for a cumulative term of more than nine (9) years to continue to be designated as independent non-executive director of the Company, subject to the shareholders' approval at the forthcoming Thirteenth (13th) AGM based on the following key justifications:</p> <ul style="list-style-type: none">(a) he fulfills the criteria under the definition of independent director as stated in the Listing Requirements and, therefore, is able to bring independent and objective judgment to the Board as a whole;(b) his experience in the relevant industries has enabled him to provide the Board and Board Committees, as the case may be, with pertinent expertise, skills, contribution and competence;(c) he has been with the Company for a certain period and therefore understand the Company's business operations which enable him to contribute actively and effectively during deliberations or discussions at Board and Board Committee meetings;(d) he continues to be scrupulously independent in his thinking and in his effectiveness as constructive challengers of the Managing Director and Executive Directors; and(e) he exercises due care during his tenure as an independent non-executive director and carried out his professional duties in the best interest of the Company and shareholders. <p>En. Zulkifly Bin Zakaria, who is due for retirement pursuant to Clause 105(1) of the Company's Constitution at the 13th AGM, has indicated his intention not to seek for re-election.</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 5.4 - 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.

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at leadership and employee level.</p> <p>The NC considers diversity generally when making appropriate appointments to the Board and senior management, taking into consideration relevant skills, ethnicity, age, experience and knowledge. The Company will work towards this objective as and when vacancies arise and suitable candidates are identified. The primary responsibility in new appointments must always be to select the best candidate available.</p> <p>The Board Charter has also mentioned that all Board members shall notify the Chairman of the Board on any new directorship in other company and vice versa.</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 5.6

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board does not appoint external parties to identify suitably qualified candidates during the recruitment process. The current process with regards to the appointment of new Directors to the Board is based on the recommendation of the NC. The Board relies on the existing network and referrals from existing Board members, senior management and major shareholders as primary means to 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>In general, the process for the appointment of director to the Board are as follows:</p> <ul style="list-style-type: none">(i) The Nomination Committee reviews the Board's composition through Board assessment/ evaluation;(ii) The Nomination Committee determines skills matrix;(iii) The Nomination Committee evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;(iv) The Nomination Committee recommends to the Board for appointment; and(v) The Board approves the appointment of the candidates. The Directors appointment process is carried out based on methodical and robust process undertaken by the Nomination Committee. Candidates recommended are thoroughly assessed based on their competence, integrity, character, time commitment and experience.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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 5.7

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	:	<p>The profiles of Directors are published in the Annual Report 2022 which include their age, gender, directorships in other companies, working experience and any conflict of interest as well as their shareholdings in the Company, if any.</p> <p>The justification to re-elect the retiring Directors to stand for re-election has been included in the notes accompanying the Company’s Notice of 13th AGM.</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 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The NC is currently chaired by Mr Woo Yew Tim, an independent non-executive director of the Company.	
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 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	Currently, there are three (3) female Directors out of seven (7) Board members. The Company had complied with the MCCG requirements which comprises of at least 30% women directors on the Board.	
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 5.10

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	:	The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG on the establishment of boardroom and workforce gender diversity policy. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments based on merit, and against objective criteria, with due regard given to the benefits of diversity on the Board, including gender, age and ethnicity. The Board recognises diversity in the boardroom as an essential component of a good corporate governance.	
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	<p>The NC would conduct an assessment of the performance of the Board, as a whole, Board Committees and the contribution of individual Directors annually. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election of Directors at the Company's 13th AGM, with a view to meeting current and future requirements of the Group.</p> <p>The criteria used by the NC in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. The independence of Independent Directors is assessed based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgment at all times and based on the criteria set out in the Listing Requirements. The Board did not engage any external party to undertake an independent assessment of the Directors.</p> <p>All assessments and evaluations carried out will be documented and minuted by the Company Secretary. The results of all assessment and comments by Directors are summarised and deliberated at the NC meeting and thereafter reported to the Board for deliberation.</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 7.1

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 believes that the Company has a fair remuneration policy to attract, retain and motivate Directors and Senior Management. The remuneration policy of the Board provides that all Executive Directors and Senior Management are remunerated based on the individual's performances and that of the Group, market conditions and their responsibilities, whilst the remuneration of the Non-Executive Directors are determined in accordance with their experience, level of responsibilities assumed in the Board Committees, their attendance and/or special skills and expertise that they bring to the Board. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board as a whole, with the Director concerned abstain from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company.</p> <p>The Company has established a RC to review and ensure that the remuneration of Directors and Senior Management has fairly reflected their responsibilities, the expertise required by the Company and the complexity of its operations. The said remuneration should also be in line with the business strategies and long-term objectives of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by the shareholders at the AGM based on the recommendations made by 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

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 of exclusively four (4) Independent Non-Executive Directors which assist the Board in determining the remuneration of the Directors' and Senior Management.</p> <p>The RC upon the annual review, will recommend to the Board as a whole to determine the remuneration packages for the Directors. The respective members shall abstain from discussion on their own remuneration.</p> <p>The Terms of Reference of RC is accessible on the Company's website at www.hiaphuat.com.</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	:	The detailed disclosure on a named basis of the remuneration of individual directors is disclosed as follows:

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	Zulkifly Bin Zakaria	Independent Director	79	-	Input info here	-	-	6	85	79	-	Input info here	-	-	6	85
2	Dato' Chan Say Hwa	Executive Director	-	-	1000	-	-	121	1,121	24	-	1000	-	-	121	1,145
3	Datin Chow Pui Ling	Executive Director	-	-	480	-	-	59	539	24	-	480	-	-	59	563
4	Soo Kit Lin	Executive Director	-	-	252	-	-	11	263	-	-	252	-	-	11	263
5	Woo Yew Tim	Independent Director	55	-	Input info here	-	-	6	61	55	-	Input info here	-	-	6	61
6	Lee Yew Weng	Independent Director	55	-	- Input info here	-	-	6	61	55	-	Input info here	-	-	6	61
7	Soo Yat Sun	Executive Director	-	-	- -	-	-	-	-	24	-	-	-	-	-	24
8	Cheng Mun Mun	Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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 Company did not comply with the recommendation of the MCCG to disclose on a named basis the top five senior management’s remuneration in order to preserve the confidentiality and negative impact arising from disclosure. The Board ensures that the remuneration of senior management is commensurate with the performance of the Company.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Currently, the Chairman of the AC is also the Chairman of the Board. However, the Board is of the view that the said practice will not materially interfere and affect his independence judgement. Further, based on the assessment conducted for the financial year ended 31 December 2022, the Board and the NC is satisfied with the size, composition as well as the mix of qualifications, skills and experience among the AC members.	
		The Board noted the recommendation from the MCCG and may consider to restructure the composition of the AC in future.	
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 9.2

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>Currently, none of the members of the Board are former audit partners of the Company.</p> <p>The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the AC was a audit partner of the external auditors of the Company.</p> <p>The policy is reflected in the Terms of Reference of AC.</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 9.3

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	:	The AC is responsible for assessing the capabilities and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditor. The AC reviews the suitability, objectivity and independence of the external auditor of the Company on an annual basis through the evaluation carried out. The review process covers the assessment of the independence of the external auditor, the evaluation of the external auditor's performance, quality of work, audit fees and the adequacy of resources. The external auditors have confirmed on their independence through their written assurance.	
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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	In line with the best practices of MCCG, the Board has set up the Audit Committee which comprise exclusively of Independent Non-Executive Directors.

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>Collectively, the members of the AC are financially literate and are able to understand the Company’s business and matters under the purview of the AC including the financial reporting process. The qualification and experiences of the individual AC members are disclosed in the Profile of Board of Directors in the Annual Report 2022.</p> <p>The AC members will continue to undertake continuous training program to keep themselves abreast with relevant developments in accounting and auditing standards, practices and rules as and when required.</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 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 entrusted with the overall responsibility of continually maintaining a sound system of internal controls, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to access current and emerging risks and respond appropriately to the risks encountered.</p> <p>As an effort to enhance the system of internal controls, the Board together with the assistance of external professional Internal Audit firm adopted ongoing monitoring and review the existing of risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.</p> <p>The Board also has set up a RMC which comprises half of Independent Non-Executive Directors of the Company to identify, evaluate and manage significant risks faced by the Group as well as report to the Board on significant risks affecting the Group's strategic and business plans, if any. As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.</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	:		
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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	:	The features of the Group's risk management and internal control framework and the adequacy and effectiveness of this framework is disclosed in the Statement of Risk Management and Internal Control which can be found in the Company's Annual Report 2022.	
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	:	Adopted
Explanation on adoption of the practice	:	<p>In line with the best practices of MCCG, the Board has set up the RMC which comprising half of Independent Non-Executive Directors. The present members of the RMC are as follows :</p> <p>Chairman Zulkifly Bin Zakaria (<i>Independent Non-Executive Chairman/ Senior Independent Non-Executive Director</i>)</p> <p>Members Dato' Chan Say Hwa (<i>Group Managing Director</i>) Datin Chow Pui Ling (<i>Executive Director</i>) Soo Kit Lin (<i>Executive Director</i>) Woo Yew Tim (<i>Independent Non-Executive Director</i>) Lee Yew Weng (<i>Independent Non-Executive Director</i>) Cheng Mun Mun (<i>Independent Non-Executive Director</i>) (Appointed on 18 April 2023)</p>

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 Group’s internal audit function is carried out by an outsourced internal audit firm which is independent of the activities of audits. The internal auditor reports directly to the AC on the effectiveness of internal control of the Company annually and has direct access to the Board through the AC Chairman.</p> <p>The AC reviews and approves the Annual Internal Audit Plan and ensures internal auditor is accorded with appropriate resources and authority to facilitate the discharge of their duties.</p> <p>Details of the internal audit function are set out in the AC Report in the Annual Report 2022.</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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's internal audit function, which reports directly to the Audit Committee, is outsourced to the GovernanceAdvisory.com Sdn. Bhd. The internal audit activities were reported directly to the Audit Committee based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all level of operations within the Group.</p> <p>The internal audit firm appointed by the Company is independent of activities related to business operations and performs its duties in accordance with standards set by relevant professional bodies, namely Institute of Internal Auditors. The internal audit provides independent assessment on the effectiveness and efficiency of internal controls system established by the management, utilizing a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the Audit Committee.</p> <p>The details of the internal audit function are elaborated in the Audit Committee Report</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large.</p> <p>In providing timely disclosures to the shareholders, all required/material announcements will be released within the stipulated time given to Bursa Securities. All announcements to the Bursa Securities and other information about the Company are available on the Company's website which shareholders, investors and public may access via www.hiaphuat.com.</p> <p>The Board also provides question and answer session in its AGM as one of the platforms for shareholders to voice up their concerns on the Company's operating environment.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
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 13.1

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company take note on the MCCG recommendation that the Notice of the AGM should be given to the shareholders at least 28 days prior to the meeting. However, for the AGM held on 25 May 2022, the Notice of the AGM was issued on 29 April 2022., which is less than 28 days but more than 21 days as required under the Companies Act 2016.	
		The Company will endeavour to comply with the MCCG recommendation on the coming years and issue the Notice of the AGM at least 28 days prior to the AGM.	
<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.

Application	:	Applied	
Explanation on application of the practice	:	<p>All the Directors had attended the Twelfth (12th) AGM which held on 25 May 2022.</p> <p>Barring any unforeseen circumstances, all Directors are committed to attend the upcoming 13th AGM of the Company.</p> <p>The presence of all Directors presented opportunities for the shareholders to engage with each Director and allowed the shareholders to raise questions and concerns to the Directors directly.</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

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.

Application	:	Applied	
Explanation on application of the practice	:	At its virtual 12 th AGM held on 25 May 2022, the Company had leveraged technology to facilitate for the conducting of the Remote Participation and electronic voting facilities (“RPV”). The Company will continue to conduct the upcoming 13 th AGM in fully virtual basis through live streaming and online remote voting.	
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

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.

<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	:	<p>The Chairman has successfully created a meaningful engagement with the Board, Senior Management and shareholders throughout the 12th AGM. The Directors and the members of the key senior management of the Company were present at the 12th AGM to provide responses to the questions posed by shareholders.</p> <p>Sufficient time and opportunity were made available for shareholders to pose questions during the 12th AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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.

<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	:	<p>In view of the COVID-19 pandemic, the Company had convened its 12th AGM as a virtual meeting conducted via live streaming from the broadcast venue.</p> <p>The Company had provided an Administrative Guide to the shareholders, which set out the procedures and requirements for the Remote Participation and Voting ("RPV") facilities. Shareholders and proxies that successfully registered for RPV were able to submit their questions electronically via the platform before and during the AGM.</p> <p>Shareholders/proxies had joined the AGM online, and also voted electronically using the RPV facility provided Mlabs.</p> <p>All questions posed by shareholders were visible to all meeting participants during the meeting itself via the RPV facility. The Chairman had attended all the questions posted by the shareholders during the AGM and those questions which has yet to be attended due to the limitation of time was answered accordingly via email.</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 13.6

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

<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 12 th AGM held on 25 May 2022 has been uploaded to the Company's website within 30 business days after the 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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