

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7203
COMPANY NAME : WANG ZHENG 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 is responsible for the oversight and overall management of the Group including assessing and agreeing with the Group's corporate objectives, and the goals and targets to be met by the Management.</p> <p>The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.</p> <p>The Management, including the Executive Director, Group Chief Executive Officer ("ED/GCEO") and Executive Directors of the Company, are responsible for managing the day-to-day running of the business activities in accordance with the direction and delegation of the Board. The Management meets regularly to discuss and resolve operational issues. The ED/GCEO briefs the Board on business performance and operations as well as the management initiatives during quarterly Board's meetings.</p> <p>The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long-term viability of the Group.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.2

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 roles of the Chairman and the ED/GCEO are clearly defined and segregated, to ensure an appropriate balance of power and authority, increased accountability and enhanced capacity of the Board for independent decision making. The Chairman is not related to the ED/GCEO and is responsible for leading the Board in the oversight and supervision of the Group's management; whilst the ED/GCEO is responsible for the day-to-day operations of the Group, making strategic business decisions and implementing the Board's policies and decisions	
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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and ED/GCEO of Wang-Zheng Berhad (“Wang-Zheng” or “the Company”) are held by two different individuals. The Chairman, Mr Hui Lin Chit leads the Board in the oversight and supervision of the Group’s management whereas the ED/GCEO, Mr Hui Ching Chi is responsible for the day-to-day operations of the Group, making strategic business decisions and implementing the Board’s policies and decisions.</p> <p>The roles of the Chairman and ED/GCEO are segregated and clearly defined by their individual position descriptions. The distinct and separate roles of the Chairman and ED/GCEO, with their clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.</p> <p>The roles of the Chairman and ED/GCEO are defined in the Board Charter which is available on the Company’s website at www.wangzhengberhad.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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 :	Applied
Explanation on application of the practice :	Mr. Hui Lin Chit, the Chairman of the Board is not a member of the Audit Committee, Nomination Committee or Remuneration Committee.
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.

Application	: Applied
Explanation on application of the practice	<p>Presently, the Board is assisted by three Company Secretaries who are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016 ("the Act"). Two of them are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") whilst the other is a Licensed Company Secretary ("LS").</p> <p>The Company Secretaries performed the following tasks:</p> <ul style="list-style-type: none">(a) Supported the Board and played an important role to facilitate the overall compliance with the Act, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") and other relevant laws and regulations by updating the Board at the Board meetings.(b) Assist the Board and Board Committees to function effectively and in accordance with their respective TOR and best practices and ensure adherence to the existing Board policies and procedures.(c) Ensure the proper conduct of the meetings by managing all Board, Board Committees, and shareholders' meeting logistics, attending the meetings and ensure that deliberations and decisions at the meetings are accurately minuted, including whether any director abstained from voting or deliberating on a particular matter and kept in the minutes' books and subsequently communicated to the relevant party for necessary actions.(d) Manage processes pertaining to the annual shareholder meeting.(e) Served as a focal point for stakeholders' communication and engagement on corporate governance issues. <p>The roles and responsibilities of the Company Secretaries are set out in the Company's Board Charter, which is available on the Company's website at www.wangzhengberhad.com.</p> <p>The Company Secretaries had attended the necessary training programmes, conferences, seminars and/or forums organised by the Companies Commission of Malaysia ("CCM"), MAICSA, the Securities</p>

	Commission Malaysia (“SC”) and Bursa Securities as well as in house training so as to keep themselves abreast with the latest changes in laws and regulatory requirements that are relevant to their profession and to provide the necessary advisory role to 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

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, the Board papers comprising of due notice of issues to be discussed and supporting information and documentation were provided to the Board at least seven days before the date of the meeting. This is to ensure that the Directors are given sufficient time to read the Board papers and seek any clarification that they may need from Management or to consult the Company Secretaries or independent advisers before the Board Meetings, if necessary. This enables the Directors to discuss the issues effectively at the Board meetings.</p> <p>The Board has access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.</p> <p>All Directors have direct access to the advice and services of the Company Secretaries who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. The senior Management team from different business units will also be invited to participate in the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the Senior Management team. The Chairman of the Board Committees, namely, the Risk Management Committee ("RMC"), Audit Committee ("AC"), Remuneration Committee ("RC") and Nomination Committee ("NC") briefs the Board on matters discussed as well as decisions are taken at the meetings of their respective Board Committees meetings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board will periodically review the Board Charter and make any changes whenever necessary.</p> <p>The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. The details of the Board Charter are available for reference at the Company's website at www.wangzhengberhad.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 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>A Code of Conducts and Ethics, setting out the standards of conduct expected from Directors and all employees of the Group has been adopted. The Code of Conduct and Ethics provides guidance for Directors and every employee regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.</p> <p>The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Conduct and Ethics are available for reference at the Company's website at www.wangzhengberhad.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 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 adopted a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breaches of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices.</p> <p>The main objectives of the policy are:</p> <ul style="list-style-type: none"> a) Be committed to the Company's business ethics of honesty, integrity and transparency; b) To provide a transparent and confidential process for all parties to give information on non-compliances to the Code of Conduct and Ethics, or any misconduct regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions; and c) To uphold the moral duty being a Company by protecting the interest of all its stakeholders. <p>The details of the Whistle-blowing Policy are available for reference at the Company's website at www.wangzhengberhad.com</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

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>Wang-Zheng complies with the high standards of corporate governance practices and is being closely monitored under the leadership of our Board of Directors, as guided by the Malaysian Code on Corporate Governance ("MCCG") 2021.</p> <p>In line with sustainability, the Board has the ultimate responsibility to ensure that the sustainability efforts are embedded in the strategic direction of the company. The Company have established a Corporate Sustainability Committee ("CSC"), to oversee the formulation, implementation and effective management of the Company's sustainability matters in line with the strategies. The CSC is also supported by various working groups responsible for implementing the initiatives within the organization. The ED/GCEO will provide a regular update relating to all key EES risks and opportunities (sustainability matters) to the Board.</p> <p>The governance of the Company's sustainability agenda is a process that is important to the Company as it enables the business to effectively embed sustainability. Good governance structures also ensure that are consistently aligned with the Company principles and standards. Demonstrating its commitment from the top, the Company's sustainability agenda is governed by CSC.</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 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	:	<p>The Company interaction involves a large number of different stakeholder groups and this kind of engagement is important to ensure we can identify, prioritise and address material matters and be adopted in our business strategies. The business and functional units are empowered to interact with their respective stakeholders on their chosen platforms. All issues raised by stakeholders are brought to the attention of the Management Committee or Management Meetings by the respective business and functional units. Ongoing engagements where applicable, are carried out on a regular basis as they are integral to our business development, relationships with stakeholders and commitment to sustainability.</p> <p>The Company's key stakeholders are outlined in the Annual Report 2022 under Corporate Sustainability Statement, along with the forms of engagement and key topics of interest that the Company seek to address.</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 4.3

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 Boards have 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 Corporate 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 Board and senior management have yet to undertake performance evaluations to address the Company and its unlisted subsidiaries’ material sustainability risks and opportunities as the sustainability works are still ongoing.	
		A detailed study is required for developing the criteria for the performance evaluations of the Board and the Management to address the material sustainability risks and opportunities.	
		The Company does not have any alternative practice currently.	
<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 4.5- 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	:	Adopted
Explanation on adoption of the practice	:	The Key Senior Management team led by ED/GCEO, Mr Hui Ching Chi reports to the Board and is responsible for the oversight of sustainability practices, policies and procedures in improving sustainability performance.

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 Nomination Committee oversees the overall composition of the Board in terms of size, a mix of skills, experience and core competencies, as well as the balance between Executive Directors and Independent Non-Executive Directors.</p> <p>The effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board and the contribution of the Board's various committees will be assessed on an annual basis.</p> <p>In addition, the Independent Directors who wish to serve the Board for more than nine years are subject to shareholders' approval through a two-tier voting process at the Annual General Meeting as described in the Practice 5.3 of the Malaysian Code on Corporate Governance.</p> <p>The annual re-election of retiring Directors has been contingent on a satisfactory evaluation of the retiring Directors' performance and contribution to the Board.</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 5.2

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	:	Presently, the Board comprises twelve (12) Directors with seven (7) being Independent Non-Executive Directors (“INEDs”).		
		Designation	Number of Directors	Percentage (%)
		Executive Directors	3	25.0
		INEDs	7	58.3
		Non-Independent Non-Executive Directors (NINEDs)	2	16.7
		Total	12	100
		The Board is in compliance with at least half of the board comprising independent directors.		
Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:			

Intended Outcome

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

Practice 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>During the FY2022, the following INEDs have served the Board for more than nine (9) years since their appointment and/or election as Directors:</p> <ul style="list-style-type: none">a) Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd)b) Loo Choo Hongc) Ch'ng Eng Hingd) Low Yu Keat <p>Mr. Loo, who is retiring pursuant to Clause 105(1) of the Company's Constitution at the forthcoming 20th AGM of the Company, has expressed his intention not to seek re-election at the forthcoming 20th AGM of the Company. Hence, he shall cease to be an Independent Non-Executive Director of the Company at the conclusion of the 20th AGM of the Company.</p> <p>Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd), Mr. Ch'ng Eng Hing and Ms. Low Yu Keat have expressed their intention not to seek re-election and not put forward to seek shareholders' approval at the forthcoming 20th AGM. Hence, they will retain office until the conclusion of the 20th 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

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 recognises the importance of boardroom diversity and values the benefits that diversity can bring to its board of directors.</p> <p>The Board also recognises that having a range of different skills, backgrounds, experiences and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.</p> <p>The Board aims to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit, and against objective criteria, with due regard given to the benefits of diversity on the Board, including gender, age ethnicity.</p> <p>The NC was tasked with the responsibility for identifying, assessing and recommending the right candidates to the Board as well as reviewing and assessing the composition and performance of the Board. In making its recommendations, the NC will consider, among others, the mix of skills, knowledge, experience, diversity (including gender diversity), background, integrity, competence, time commitment and independence in order to meet the operational objectives, strategic goals and business requirements of the Group.</p> <p>During FY2022, the diversity of the Board and Senior Management are as follows:</p> <p><u>Board of Directors</u> Gender: Male (7); Female (2) Age: 31-40 (1), 41-50 (4); 51-60 (3); 61 & above (4)</p> <p><u>Senior Management</u> Gender: Male (6); Female (1) Age: 31-40 (1); 41-50 (2); 51-60 (4); 61 & above (0)</p>

	Having assessed the size, composition and diversity of the Board annually, the NC and the Board confirmed that the existing Board's composition has the requisite competencies and capacity to effectively discharge its functions and responsibilities.	
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.</p> <p>Where a need has been identified, the NC shall entask the Company’s Chairman or ED/GCEO:</p> <ul style="list-style-type: none"> • to search/recommend potential candidates from within the Company; or • engage its Human Resources Department to advertise (whether locally or internationally); or • appoint recruitment advisers; or • draw references and recommendations from fellow directors of the Company. <p>The Company’s Chairman or ED/GCEO:</p> <ul style="list-style-type: none"> • shall develop a short list of all potential candidates taking into account, amongst other things, the particular skills, experience and contribution to the diversity of each individual candidate and their fit with the existing Board; whereby women candidates would be encouraged to join; and • recommend to the NC the candidate from the shortlist who best matches the needs of the Board. <p>The NC will assess, review and deliberate and thereafter, present their recommendations to the Board for consideration and approval.</p>

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 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 performance of retiring Directors who are recommended for re-election at the forthcoming AGM would be assessed through the Board's annual evaluation (including the independence of the Independent Non-Executive Director, if any). A statement by the Board and NRC being satisfied with the performance and effectiveness of the retiring Directors who offer themselves for re-election at the AGM was stated in the notes accompanying the Notice of AGM.</p> <p>The profile of the Directors who are due for retirement and eligible for re-election, which includes the nature of interest with the Company, if any, are set out in the Annual Report 2022 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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The present members of the NC of the Company are:</p> <ul style="list-style-type: none">a) Sze Man Bok, Chairman (NINED)b) Low Gay Teck, Member (INED)c) Kington Tong Kum Loong (INED) <p><i>*Ch'ng Eng Hing and Low Yu Keat (cessation of office on 13 April 2023)</i></p> <p>Although the Chairman of the NC is a NINED, it has comprised with majority of INEDs which offers a strong check and balance during the deliberations.</p> <p>Nevertheless, the Board will undertake a review and may consider restructuring the composition of the NC in compliance with the MCCG's recommendation.</p>
<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	:	During the FY2022, our Board members comprise two female Directors. The Company will increase female representation on the Board if appropriate candidates are available.	
		The Board acknowledges the importance of gender diversity in the Board. Further, the Company has formalised a Board Diversity Policy and such policy is published on the Company's website.	
<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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Currently, the Company has not set specific policies on gender diversity for senior management. However, the Board is supportive of the recommendation of the Malaysia Code on Corporate Governance 2021 ("MCCG") for the establishment of boardroom and workforce gender diversity.	
<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>During the FY2022, the NC facilitated by the Company Secretaries conducted an assessment of the Board performance as a whole, the Board Committees and individual Directors. The assessment covers the size and composition of the Board as well as skill mix, industry experience, roles and responsibilities, and effectiveness of the Board, Board Committees and individual directors as a whole based on a set of questionnaires and rating system.</p> <p>Below are the criteria used to assess Board, Board Committees and individual Directors respectively during the financial year:</p> <p>(a) Directors' self-assessment</p> <ul style="list-style-type: none">• ability to give input at meetings;• ability to demonstrate a high level of professionalism and integrity in the decision making process; and• competency and contribution. <p>(b) Board and Board Committees' assessment</p> <ul style="list-style-type: none">• contributions to interactions, knowledge and integrity;• oversight over the effectiveness and quality of the internal and external audits, risk management and internal control and financial reporting; and• governance, independence, ability to discharge roles and duties as well as contribution to the Company. <p>The NC has adopted the same criteria of "Independence" used in the definition of "independent directors" prescribed under the MMLR.</p> <p>The results of the assessments are compiled by the Company Secretary for deliberation and recommendation at NC meeting and the NC will subsequently table the matter to the Board for their consideration.</p>

	<p>The Board had undertaken the annual evaluation of itself, its committees and each individual director for FY2022. The Board was satisfied with the outcome of the evaluation and was of the view that the internal evaluation was adequate to determine the overall effectiveness of the Board and individual directors.</p> <p>The Board recognises that it is important that all Directors should be able to dedicate sufficient time to the Company to discharge their responsibilities.</p>	
<p>Explanation for departure</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>Timeframe</p>		

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 RC is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors.</p> <p>The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.</p> <p>The RC's principal objective is to evaluate, deliberate and recommend to the Board a remuneration policy for Executive Directors that is fairly guided by market norms and industry practice. The RC also recommends the Executive Directors' remuneration and benefits based on their individual performances and that of the Group.</p> <p>The determination of the remuneration for Non-Executive Directors ("NED") is a matter of the Board as a whole. The level of remuneration for NED reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular NED concerned. The remuneration package of NED will be a matter to be deliberated by the Board, with the Director concerned abstaining 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 NED in the course of their duties as Directors of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the AGM based on recommendations of the Board.</p> <p>The remuneration components of key Senior Management shall consist</p>

	<p>of a basic salary, performance based bonus, benefits-in-kind and other incentives (where applicable). The remuneration of key senior management is determined at a level which enables the Company to attract, develop and retain high performing and talented individual with the relevant experience, level of expertise and responsibilities and is structured so as to link rewards to individual and corporate performance.</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 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>In line with the best practices of MCCG, the Board has set up a RC which comprises majority of INED in order to assist the Board for determining the remuneration of Directors' and Senior Management.</p> <p>Amongst the RC's functions and duties outlined in its TOR are:</p> <ul style="list-style-type: none">(a) To review and recommend to the Board the framework of remuneration of the Executive Directors and Principal Officers, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in selected group of comparable companies.(b) To review and determine the annual salary increment, performance bonus, and short term/long term incentives (including share grant and bonus) for Executive Directors and Principal Officers depending on various performance measurements of the Group.(c) To review and determine the other benefits in kind for the Executive Directors and Principal Officers.(d) To review the Group's compensation policy and ensure alignment of compensation to corporate performance, and compensation offered in line with market practice.(e) To recommend the engagement of external professional advisors to assist and/or advise the Committee and the Board, on remuneration matters, where necessary

	<p>The present members of the RC are as follows:</p> <p>(a) Hui Ching Chi, Chairman (ED cum GCEO)</p> <p>(b) Yap Ping Hong, Member (INED)</p> <p>(c) Low Gay Teck , Member (INED)</p> <p><i>* Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy and Low Yu Keat (cessation of office on 13 April 2023)</i></p> <p>The TOR of the RC can be viewed at the Company's website at www.wangzhengberhad.com</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

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 details of the Directors' Remuneration on a named basis and paid by the Company and its subsidiaries (including the components of directors' fees, salary, bonus, benefits in-kind and other emoluments) during the FY2022 were disclosed, as below:

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	:	Applied – the company discloses the remuneration of members senior management who are not members of the board	
Explanation on application of the practice	:	The details of the total remuneration received by the top five senior management in bands width of RM50,000 were disclosed, as below:	
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	:		

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	:	The Chairman of the Audit Committee is not the Chairman of 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

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	:	The Company recognised the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the AC of the Company were former audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least three years in the event, any potential candidate to be appointed as a member of the AC was a former partner of the external auditors of the Group. None of the members of the AC was a former audit partner during the FY2022
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 Company has established a transparent arrangement with the auditors to meet their professional requirements. From time to time, the auditors highlight to the AC and Board of Directors on matters that require the Board's attention.</p> <p>The AC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the external auditors, Messrs. PricewaterhouseCoopers ("PwC"). The AC has been explicitly accorded the power to communicate directly with both the external auditors and internal auditors. The terms of engagement for services provided by the external auditors are reviewed by the AC prior to submission to the Board for approval. The effectiveness and performance of the external auditors are reviewed annually by the AC.</p> <p>In assessing or determining the suitability and independence of the External auditors, the AC has taken into consideration the following:</p> <ul style="list-style-type: none">(a) The adequacy of the experience and resources of the external auditors.(b) The external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan.(c) The nature of the non-audit services provided by the external auditors and fees paid for such services relative to the audit fee.(d) Whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors <p>Having taken into consideration of the above, the Board, through the AC is of the view that the external auditors are independent and suitably qualified to act.</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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The AC consists of three members, who are all INED.</p> <p>Presently, the members of the AC are as follows:</p> <ul style="list-style-type: none">(a) Yap Ping Hong, Chairman (INED)(b) Low Gay Teck, Member (INED)(c) Low Yu Keat, Member (INED) <p><i>* Loo Choo Hong, Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd) and Low Yu Keat (cessation of office on 13 April 2023)</i></p> <p>All the three INEDs have satisfied the independence test based on the criteria set out in the MMLR.</p>

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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>Members of the AC come from a diverse background and collectively, possess a wide range of necessary skills to discharge their duties to be able to understand matters under the purview of the AC including the financial reporting process.</p> <p>During the year, members of the AC were guided on the significant accounting issues highlighted in the Audit Planning Memorandum and briefed by the external auditors on financial reporting and other updates.</p> <p>The Quarterly Interim Financial Reports are briefed to members of the AC and discussed and deliberated amongst the members before the said Report is recommended to be tabled to the Board for approval.</p> <p>The AC members have attended training programmes to keep abreast of relevant industry issues, market development and trends including accounting and auditing standards to enable them to sustain their active participation in the functions of the AC.</p> <p>Details of the training and seminars attended by the Directors during the FY2022 are set out in the CG Overview Statement in the AR 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

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 fully aware of its overall responsibility of continually maintaining a sound system of internal control, 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 control, the Board together with the assistance of external professional internal audit firm adopted on-going monitoring and review of the existing 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 AC and the Board to strengthen and improve current management and operating style in pursuit of best practices.</p> <p>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	:	

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 an established ongoing process for identifying, evaluating and managing the significant risks encountered by the Company in accordance with the Guidance for Directors of Public Listed Companies on Statement on Risk Management and Internal Control ("SORMIC"). Risk management is an integral part of business operations and this process goes through a review process by the Board. Discussions have been conducted during the year involving different levels of management to identify and address risks faced by the Group. These risks were summarised and included in the Group's risk management report. The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review and up to the date of approval of this statement for inclusion in the AR by the Management. This is to ensure that all high risks are adequately addressed at various levels within the Group.</p> <p>The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the AC. The AC, supported by the internal auditor, provides an independent assessment of the effectiveness of the Group's Enterprise Risk Management ("ERM") framework and reports to the Board. The Group's ERM framework is consistent with the ERM framework and involves systematically identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives. This framework helps to reduce the uncertainties surrounding the Group's internal and external environment, thus allowing it to maximise opportunities and minimise adverse incidences that may arise. The major risks to which the Group is exposed to includes strategic, operational, regulatory, financial, market, technological, product and reputational risks.</p> <p>The ERM process is based on the following principles:</p> <ul style="list-style-type: none">• Consider and manage risks enterprise-wide;• Integrate risk management into business activities;• Manage risk in accordance with the Risk Management framework;

	<ul style="list-style-type: none"> • Tailor responses to business circumstances; and • Communicate risks and responses to Management. <p>All identified risks are displayed on a one to three risk matrix based on their risk ranking to assist Management in prioritising their efforts and appropriately managing the different classes of risks. The Board and Management drive a pro-active risk management culture and regular risk awareness and coaching sessions are held to ensure that the Group’s employees have a good understanding and application of risk management principles. There is no dedicated ERM department, however, the Executive Director and Head of Finance works closely with the Group’s operational managers are continuous to strengthen the risk management initiatives within the Group so that it responds effectively to the constantly changing business environment and is thus able to protect and enhance shareholder value.</p> <p>The Board recognises the importance of ERM in enhancing shareholder value while upholding a high standard of corporate governance. Combining a strong and sustained commitment from the Board and Senior Management with a clear direction and oversight from all levels of leadership, the Group embraces a holistic risk management approach to achieve its business targets with minimal surprises.</p> <p>Risk management policies and practices form part of Wang-Zheng’s overall strategies to chart positive growth in today’s rapidly evolving business environment. The Board continues to ensure that risk management is effectively institutionalised and its risk maturity level is elevated. This is achieved via a multitude of ERM initiatives clustered into key strategic areas, as part of the Group’s efforts to ensure smooth ERM practice on the ground coupled with continuous tracking and monitoring of risks and controls. It also strengthens its risk culture and practice, and harmonise its risks and risk appetites at the operational level wherever possible.</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	:	Adopted
Explanation on adoption of the practice	:	The Risk Management Committee has been established since 12 August 2022.

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 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.</p> <p>Internal audit provides an independent assessment of the effectiveness and efficiency of internal controls 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 AC.</p> <p>The AC approves the internal audit plan during the first AC meeting each year. Any subsequent changes to the internal audit plan are approved by the AC. The scope of internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement.</p> <p>Based on the works done by the internal auditors during the financial under review, the AC and the Board are satisfied with the performance of the outsourced internal auditors and agree that the internal audit review was done in accordance with the audit plan and the coverage is adequate.</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 has appointed an established external professional Internal Audit firm namely Smart Business Consulting “Smart Focus”, headed by the Assurance Division Senior Associate Director, Mr. Lee Fook Sun (“Mr. Lee”), who graduated from Australia with a Bachelor of Commerce and a Masters in Accountancy. He is also a member of MIA and CPA Australia as well as a professional member of the Institute of Internal Auditors Malaysian. He has vast experience and exposure in the internal audit field. He was assisted by three other internal auditors in this assignment during the financial year under review. The internal audit activities were reported directly to the AC based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all levels 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 personnel are free from any relationship and conflicts of interest.</p> <p>The internal audit firm adopts a risk-based approach and prepares its audit plan based on the risk profiles from the risk assessment of the business units of the Group. Scheduled internal audits are carried out based on the annual audit plan approved by the AC. On a quarterly basis, the internal audit firm presents the AC with the Internal Audit Reports.</p> <p>The internal auditors also periodically report on the activities performed, and key strategic and control issues observed by internal audit to the AC in order to preserve its independence. The AC reviews and approves the internal audit’s annual budget, remuneration, audit plan and human resources requirements to ensure the function maintains an adequate number of internal auditors with sufficient knowledge, skills</p>

	<p>and experience. Internal audit adopts the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors (IIA), the definition of Internal Auditing, Code of Ethics, Practices and Framework in order to ensure standardisation and consistency in providing assurance on the adequacy, integrity and effectiveness of the Group’s overall system of internal controls, risk management and governance. Internal audit has aligned its current internal audit practices with the Committee of Sponsoring Organizations of the Treadway Commission (COSO – USA Standard) and The Criteria of Control Board (COCO - Canadian Standard)’s Internal Controls – Integrated Framework. Using this framework, all internal control assessments performed by internal auditors are based on the internal control elements, scope and coverage. Internal auditors continue to adopt the risk-based audit plan to ensure the programmes carried out are prioritised based on the Group’s key risks and core or priority areas. Input from various sources inclusive of the Enterprise Risk Management Framework, business plan, past audit issues, external auditors, Management and Board are gathered, assessed and prioritised to derive the annual audit plan</p>	
<p>Explanation for departure</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>Timeframe</p>		

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 recognises the need for transparency and accountability to the Company's shareholders as well as regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company. The Company ensures that timely releases of the quarterly financial results, press releases and corporate announcements are made to its shareholders and investors, which are clear, unambiguous, succinct, accurate and contains sufficient and relevant information.</p> <p>In order to maintain its commitment of effective communication with shareholders, the Group embraced the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.</p> <p>The practice of disclosure of the information is not established just to comply with the requirements of MMLR, but also to adopt the best practices recommended in the MCCG with regard to strengthening engagement and communication with shareholders.</p> <p>The Group also endeavours to provide additional disclosures of information on a voluntary basis, where necessary. The Management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>As recommended by the MCCG, the notice of AGM will be despatched to shareholders at least twenty eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary participation and voting arrangements.</p> <p>The notice of the 20th AGM outlines the resolutions tabled in the AGM together with explanatory notes and background information on enabling the shareholders to make informed decisions in exercising their voting rights.</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.

Application	:	Applied	
Explanation on application of the practice	:	At the 19 th AGM of the Company held on 26 May 2022, 4 out of 10 Directors were present in person at the Broadcast Venue of the 19 th AGM of the Company held on 26 May 2022, whereas the remaining 6 Directors participated the 19 th AGM virtually to engage directly with shareholders, and be accountable for their stewardship of the Company as the travel restrictions from China to Malaysia.	
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.

Application	:	Applied	
Explanation on application of the practice	:	<p>At the 19th AGM of the Company held on 26 May 2022, the Company had leveraged technology by way of virtual meeting through live streaming and remote online participation.</p> <p>The Company will continue to leverage technology to facilitate communication and engagement with shareholders by conducting the 20th AGM on a fully virtual basis through live streaming and online remote voting.</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 13.4

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 :	The Chairman has successfully created a meaningful engagement with the Board, Senior Management and Shareholders throughout the 19 th AGM. The majority of Directors and the members of the Key Senior Management of the Company were present at the 19 th AGM to provide responses to the questions posed by shareholders. Sufficient time and opportunity were made available for shareholders to pose questions during the 19 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.

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had conducted the 19th AGM on 26 May 2022 by way of virtual meeting entirely through live streaming provided by V-Cube Malaysia Sdn Bhd in Kuala Lumpur.</p> <p>V-cube Malaysia Sdn Bhd was engaged as Poll Administrator to conduct the poll by way of electronic means and had verified the eligibility of shareholders/corporate representatives/proxies to attend the 19th AGM based on the Record of Depositors as at 18 May 2022 and the cut-off date and time for proxy form submission. This meeting platform was secured exclusively for the members with approved registration for the Remote Participation and Voting (“RPV”) facility at the 19th AGM.</p> <p>The Q&A session served as an interaction between the Directors, Management and shareholders during the fully virtual meeting. The shareholders in attendance in the proceedings of the 19th AGM may use the Q&A platform to transmit their questions.</p> <p>During the live streaming, the shareholders could select “Voting” button and indicate their votes for the resolutions that are tabled for voting. The Voting session will commence once the Chairman of the Meeting declare that the voting platform is activated and will announce the completion of the voting session of the 19th AGM.</p> <p>The poll results were verified by the Scrutineers, SLCC Networks Sdn Bhd. The poll results of each Ordinary Resolution 1 to 13 were displayed to shareholders, corporate representatives and proxies present as the Chairman of the Meeting declared that the resolutions were duly passed.</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 19 th Annual General Meeting (“AGM”) was circulated to the shareholders via the Company’s website within 30 business days after the 19 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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