

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5010
COMPANY NAME : TONG HERR RESOURCES BERHAD
FINANCIAL YEAR : December 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>In order to deliver sustainable value to stakeholders, the Board provides entrepreneurial leadership and sets vision and objectives as well as strategic direction in order to ensure long term success of the Group. The Board also assesses the performance, review the systems of risk management and internal control of the Group, and ensure effective strategies and management are in place. The Board responsibilities are defined in the Board Charter and are available in the Company's website at www.tong.com.my with delegated specific responsibilities to the following committees:</p> <p><u>Audit Committee</u> Key role of the Audit Committee is to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations through the Board delegation via approved Terms of Reference ("TOR").</p> <p><u>Nominating Committee</u> The Nominating Committee's function is to assist the Board in assessing existing Directors and identifying, nominating, and recruiting new Directors. In making these assessments and recommendations, the Nominating Committee will consider the required mix of skills, character, competence, calibre, knowledge, experience, professionalism, integrity, time and other qualities of the individual to fulfil the duties of a Director appropriately.</p> <p>The Board meets quarterly to review performances and strategies of the Company. Special board meetings may be conducted when the need arises. Besides, the Board also recognises that the decision making process is highly contingent on the quality of information</p>

	<p>furnished. As such, all Directors have the right to obtain full and unrestricted access to any information pertaining to the Company and the Group and also to the advice and dedicated support services of the Company Secretaries to ensure effective functioning of the Board. The Chairman ensures that all Directors have full and timely access to information with agenda and Board papers distributed in advance of meetings. This ensures that Directors have sufficient time to appreciate issues to be deliberated at the board meeting and expedites the decision making process.</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

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group Executive Chairman, Mr. Tsai Ming Ti ("Mr. Tsai") is responsible for providing leadership for the Board and ensures that the Board can perform its responsibilities effectively. Mr. Tsai ensures that all Directors receive accurate, timely and clear information on financial and non-financial matters to enable them to participate actively in Board discussions.</p> <p>The Board is mindful that Chairman position held by an executive member of the Board is not in compliance with the best practice, but taking into consideration the fact that Mr. Tsai is one of the major shareholders, there is the advantage of shareholder leadership and a natural alignment of interests. In respect of potential conflict of interests, the Board is comfortable that there is no undue risk involved as all related party transactions are disclosed and strictly dealt with in accordance with the Main Market Listing Requirements ("MMLR"). In addition, the presence of Independent Directors with distinguished records and credentials ensures that there is independence of judgement.</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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>There is a clear division of responsibility between the Chairman and the Group Managing Director to ensure that there is a balance of power and authority to the Board's dynamics, such that no one individual dominates the decision-making process and powers.</p> <p>The Chairman, Mr. Tsai Ming Ti is responsible for encouraging good corporate governance practices, leadership and effectiveness of the board while the Managing Director, Mr. Tsai Yi Ting is responsible for the overall day-to-day management of the business, the implementation of Board decisions as well as serves as an audience of the management team and employees.</p> <p>The separate distinct functions and responsibilities are also reflected in the Board Charter.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
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 :	<p>The Chairman of the Audit Committee ("AC") and Nominating Committee ("NC") is Datin Nik Haslinda Binti Nik Mohd Hashim and Puan Rohaiza Binti Mohamed Basir respectively whereas the Chairman of the Board is Mr. Tsai Ming Ti.</p> <p>The Company has not set up a Remuneration Committee and in this regard, the full Board of the Company will decide on the Executive and Non-Executive Directors' remuneration packages but do not participate in decision-making process of their own remuneration packages.</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 1.5

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 professionally qualified and competent Company Secretaries who are experienced and competent to provide sound governance advice, ensure adherence to applicable policy and procedures, laws and regulatory requirements, and advocate adoption of corporate governance best practices.</p> <p>The Company has outsourced the company secretary services to TMF Administrative Services Malaysia Sdn. Bhd., which has specialist knowledge and professional ability to function more efficiently to the Board. Both the Company Secretaries, Ms. Teo Mee Hui and Ms. Lee Mei-Mei are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016 and both of them are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").</p> <p>The key responsibilities of the Company Secretaries are outlined as below:</p> <ul style="list-style-type: none">• Monitor corporate governance developments and assist the Board in applying best corporate governance practices;• Ensure adherence to the Board's and Board committees' policies and procedures;• Provide updates and assist the Board with interpreting regulatory requirements related to company and securities regulations as well as listing requirements;• Circulates notice of the meeting(s) and attend meetings of the Board, Board Committees and shareholders to record the proceedings of the meetings; and• Ensure the deliberations at Board and Board Committee meetings are well documented and maintained at the registered office of the Company. <p>The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and development by regularly attending continuous development</p>

	programmes and seminars conducted by various professional bodies and authorities like MAICSA, Bursa Securities and Companies Commission of 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

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>The agenda and board papers for Board and Board Committees meeting are circulated to the Directors at least seven (7) days prior to each meeting to enable them to participate actively during the meetings. The Directors meet, review related matters and approve all corporate announcements, including the announcement of the quarterly financial results, prior to releasing the information to Bursa Securities.</p> <p>To ensure the effectiveness of the Board, the Directors have the right to obtain full and unrestricted access to any information pertaining to the Group and also to the advice and dedicated support services of the Company Secretaries. The Board also has the right to seek for independent professional's advice at the cost of the Group on matters which are deemed necessary, that will be put forward to the Board for decision making and to enable them to discharge their responsibilities effectively.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is 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 formalised and adopted the Board Charter with clear functions, which forms an integral part to guide the conduct of the Board.</p> <p>The Board Charter was designed to achieve the following objectives:-</p> <ul style="list-style-type: none"> • To enable the Board to provide strategic guidance and effective oversight of Management; • To clearly define the roles and responsibilities of members of the Board and Management to facilitate accountability to the Company and its shareholders; and • To ensure a balance of authority so that no single individual or group of Directors has unfettered powers. <p>A copy of the Board Charter is available in the Company’s website at www.tong.com.my and it would be reviewed and updated by the Board from time to time.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted this Directors' Code of Conduct and Ethics ("Code") to carry out their oversight responsibility in the best interest of the Company within the scope of their authority and fiduciary duties. This Code is to provide the fundamental guiding principles and standards applicable to the Directors. As Directors of the Company, they are expected to adhere to, comply with and uphold the provisions of the Code.</p> <p>The purpose of this Code is to enhance the standard of corporate governance and corporate behaviour with the aim to achieve the following objectives:-</p> <ul style="list-style-type: none">• Raise the standards of honesty, integrity, ethical and law abiding behaviour expected of Directors;• Encourage the observance of those standards to protect and promote the interests of shareholders and all stakeholders;• Provide guidance to the Board to maintain the confidence of shareholders and other stakeholders in the Company's integrity; and• Promote good business conduct and maintain a healthy corporate culture that engenders transparency and fairness. <p>A copy of the Code is available in the Company's website at www.tong.com.my and it would be reviewed and updated by the Board from time to time.</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 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established a Whistleblowing Policy which is designed to encourage employees and third parties to raise genuine concerns and to disclose information which the employee believes indicates the possible presence of malfeasance or wrongdoing within the Group.</p> <p>These concerns could include indications of:</p> <ul style="list-style-type: none"> • Financial malfeasance, wrongdoing or fraud; • Failure to comply with legal obligations; • Enlargement of an individual’s health & safety of the environment; • Criminal activity; • Improper conduct or unethical behaviour; and/or • Concealment of any of the above or a combination. <p>All employees can raise their concern via email to the Chairman of the Audit Committee, who protects employees who contemplate “blowing the whistle” against any negative repercussions arising from genuine reporting, and provide an assurance of confidentiality to them. Confidentiality of all matters raised and the identity of the whistleblower will be protected under the policy.</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	:	In developing the Group's corporate strategy, the Board recognises the importance of sustainable and responsible business practices. This will help the company manage its operations and gain recognition from its stakeholders in the long run.
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 Group believes that having good communication and understanding with all stakeholders is essential to ensuring good corporate governance and a reputable, long-term business entity. As a result, the Group recognises the need of maintaining a continuous communication with important stakeholders and sharing information in a timely, effective, and transparent manner.	
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 via NC will assess and ensure all directors receive appropriate continuous training particularly on sustainability issues relevant to the Company and its business. The following is a list of the Group's key stakeholders and engagement methods:			
	Stakeholders Group	Frequency	Engagement Platform	Outcome
	Employees	Regularly	<ul style="list-style-type: none"> ➤ In-house and On-site training ➤ Internal communications ➤ Employee engagement activities 	<ul style="list-style-type: none"> ➤ Build up relationship between employers and employees ➤ Code of conduct ➤ Higher retention level of employees ➤ Better Group performance
	Investors & Shareholders	Annually	<ul style="list-style-type: none"> ➤ Announcement via Bursa Malaysia ➤ Annual General Meeting ➤ Quarterly Report ➤ Annual Report 	<ul style="list-style-type: none"> ➤ Enhance relationship between the Group and their shareholders
	Customers	Ad Hoc	<ul style="list-style-type: none"> ➤ Formal and informal meetings ➤ Visit to customers' offices ➤ Events 	<ul style="list-style-type: none"> ➤ Improve relationship between customers and the company ➤ Better product pricing and product quality
	Suppliers	Ad Hoc	<ul style="list-style-type: none"> ➤ Formal and informal meetings ➤ Dialogue sessions ➤ Site visits are held on request 	<ul style="list-style-type: none"> ➤ Improve relationship between suppliers and the company ➤ Better process of business production

	Government & Regulatory Bodies	Ad Hoc	<ul style="list-style-type: none"> ➤ Formal meeting ➤ Statutory reporting submission or regulatory requirement 	<ul style="list-style-type: none"> ➤ Interpretation of new government regulations ➤ Review of compliance protocols
	Local communities	Ad Hoc	<ul style="list-style-type: none"> ➤ Formal meeting ➤ Donations 	<ul style="list-style-type: none"> ➤ Stronger community branding for the Group
Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:			

Intended Outcome

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	:	Applied	
Explanation on application of the practice	:	The Board evaluation takes into consideration the performance of the Board in addressing the Company's material sustainability risks and opportunities and also the conduct of the Board to stay abreast with the on-going development and understanding of the sustainability issues relevant to the Company and its business.	
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 4.5- 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 executive director will provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

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	:	The NC assists the Board in ensuring the existence of the right mix of skills, knowledge, experience, qualities, gender, nationality, age and other attributes that are relevant and contribute to the effective functioning of the Board and these are reviewed yearly. The Board through the NC conducts an annual evaluation to determine the effectiveness of the Board as a whole, Board Committees and individual Directors (“Board Evaluation”). Based on the findings, the Board and Board Committees had been effective in their overall discharge of functions and duties.
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board of THR, comprises of Nine (9) Directors i.e. Three (3) Executive Directors (“EDs”), Three (3) Non-Independent Non-Executive Directors and Three (3) Independent Non-Executive Directors (“INED”). The Company is managed by a well-balanced Board. The Board of Directors is from various backgrounds of professionals, which allow a mix of qualifications, skills, integrity, competence and experience.</p> <p>Based on the Independent Directors’ yearly self/peer evaluation for the financial year 2023, the Board was satisfied that the Independent Directors continued to exercise independent and objective judgement and acted in the interest of the Company and its stakeholders.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.3

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	:	The Three (3) INED were newly appointed in 22 May 2023.	
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 practice is reflected in the Terms of Reference of the NC. In making these assessments and recommendation, NC will consider the required mix of skills, character, competence, calibre, knowledge, experience, professionalism, integrity, time and other qualities of the individual to fulfil the duties of a Director appropriately before recommending potential new Directors to the Board for approval.</p> <p>The current diversity in the race/ethnicity (cultural background), nationality, age group and gender is as follows:</p> <table border="1" data-bbox="418 1167 1426 1456"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Race/ethnicity</th> <th colspan="3">Nationality</th> </tr> <tr> <th>Malay</th> <th>Chinese</th> <th>Foreigner</th> <th>Malaysian</th> <th>Permanent Resident</th> <th>Foreigner</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>2</td> <td>2</td> <td>5</td> <td>4</td> <td>3</td> <td>2</td> </tr> </tbody> </table> <table border="1" data-bbox="418 1541 1401 1715"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Age</th> <th colspan="2">Gender</th> </tr> <tr> <th>30-39</th> <th>40-49</th> <th>50-59</th> <th>60-69</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>2</td> <td>2</td> <td>3</td> <td>2</td> <td>5</td> <td>4</td> </tr> </tbody> </table>							Race/ethnicity			Nationality			Malay	Chinese	Foreigner	Malaysian	Permanent Resident	Foreigner	Number of Directors	2	2	5	4	3	2		Age				Gender		30-39	40-49	50-59	60-69	Male	Female	Number of Directors	2	2	3	2	5	4
	Race/ethnicity			Nationality																																										
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Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is responsible for identifying candidates and reviewing all nominations for the appointment of Directors. The criteria for the appointment of Directors are driven by the needs of the Group and its strategic and business goals. In recommending new Directors, if any, the NC would also rely on the services of independent search firm, if necessary.</p> <p>The Board, with the help of the NC, looks into the background, skill sets, career experience and professional qualifications of a candidate to determine whether he or she is able to contribute to the growth of the Group. The Board places particular attention on his or her past achievements to determine whether he or she can enhance the quality and robustness of the decision-making process of the Board.</p> <p>The NC then meets with the shortlisted potential candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before recommending the most suitable candidate to the Board for approval and appointment as a Director of the Company. Upon acceptance, the Board will approve the appointment and make the necessary announcement to Bursa Securities.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
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 information of the Board of Directors and their respective profiles, position or relationship are included in the Board of Directors' Profile in the Annual Report whereas their interest is included in the Analysis of Shareholdings.</p> <p>All Directors would submit themselves for re-election at regular intervals. Under the Regulation 95(1) of the Company's Constitution, each Director shall retire from office at least once every three (3) years and a retiring Director shall be eligible for re-election. One-third of the Board is to retire from office by rotation and be subject to re-election at the Company's AGM.</p> <p>The Board through the NC undertakes annual assessments on the Directors especially those who are seeking for re-election in accordance with Regulation 95(1) of the Company's Constitution. The Board and NC are satisfied with the performance assessment of retiring directors i.e. meeting attendances, participated actively and contributed positively during deliberations or discussions at Board Meetings, competency and capability, understanding of their roles and responsibilities and thus would recommend them for re-election.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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 chaired by Puan Rohaiza Binti Mohamed Basir, an Independent Non-Executive Director of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board takes cognizance that board diversity including gender diversity is an essential measure of good corporate governance and an attribute of a well-functioning board. The Board is of the view that selection of candidates for appointment to the Board should be based on a range of diverse perspectives including merit and contribution that the selected candidates will bring to the Board and these should be prioritised in deciding appointments to the Board.</p> <p>Women representation on the Board remained at 44% throughout the FY2023.</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 5.10

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	:	During the FY2023, the Company does not practice any form of gender diversity as all candidates shall be given fair and equal treatment. The Board believes that there is no detriment to the Company in not adopting a formal gender diversity as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Company.	
		The Board is of the view that the appointment of Board member or management should be determined based on objective criteria, merit and with due regard for diversity in skills, experience and other qualities regardless of gender.	
<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 is responsible for the evaluation of the effectiveness of the Board as a whole by assessing the contribution of each individual director as well as ensuring that its assessments and evaluations are properly documented.</p> <p>The Board Effectiveness Evaluation exercise will be carried out annually by focusing on the following key areas:</p> <table border="1"> <thead> <tr> <th>Matters Considered</th> <th>Outcome</th> </tr> </thead> <tbody> <tr> <td>Performance evaluation on the Board as a whole, the Committees of the Board, each of the individual Board Member and the independence of the Independent Directors</td> <td> <p>The NC carried out Board and committees assessments by individual directors, self and peer assessments together with an assessment of directors for the purposes of evaluating the performance of the Board as a whole, the Committees of the Board, the individual Board member, and the independence of the Independent Directors especially those Independent Directors who have served as Independent Directors for more than nine years.</p> <p>The key evaluation criteria have been carefully reviewed during the assessments, which include:</p> </td> </tr> </tbody> </table>	Matters Considered	Outcome	Performance evaluation on the Board as a whole, the Committees of the Board, each of the individual Board Member and the independence of the Independent Directors	<p>The NC carried out Board and committees assessments by individual directors, self and peer assessments together with an assessment of directors for the purposes of evaluating the performance of the Board as a whole, the Committees of the Board, the individual Board member, and the independence of the Independent Directors especially those Independent Directors who have served as Independent Directors for more than nine years.</p> <p>The key evaluation criteria have been carefully reviewed during the assessments, which include:</p>
Matters Considered	Outcome				
Performance evaluation on the Board as a whole, the Committees of the Board, each of the individual Board Member and the independence of the Independent Directors	<p>The NC carried out Board and committees assessments by individual directors, self and peer assessments together with an assessment of directors for the purposes of evaluating the performance of the Board as a whole, the Committees of the Board, the individual Board member, and the independence of the Independent Directors especially those Independent Directors who have served as Independent Directors for more than nine years.</p> <p>The key evaluation criteria have been carefully reviewed during the assessments, which include:</p>				

		<ul style="list-style-type: none"> •Performance of the Board and Board Committees - composition, structure, processes and principal responsibilities •Performance of each individual Board member, and independence of Independent Director's-competence, integrity, skills, experience, commitment, contribution, conflict of interest and independence as guided by the MMLR. <p>No major concerns were identified in the evaluation results and the Nominating Committee was satisfied with the overall performance of the parties under review.</p>
	<p>Re-election, re-appointment and retention of Board members</p>	<p>Pursuant to the Company's Constitution, all Directors, including the Managing Director, shall retire from office at least once in every three (3) years but shall be eligible for re-election.</p> <p>As such, those Directors retiring by rotation and who are eligible for re-election undergo a detailed assessment on the quality and contribution of such Directors and the NC gave its full support to the retiring Directors to be re-elected at the Company's AGM.</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>		

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company do not have the policies and procedures in place to determine the remuneration of directors and senior managements. The remuneration for senior managements will take into consideration of the qualification, experience as well as contribution towards the Company whereas the Directors' remunerations are determined by the Board as a whole.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has not set up a Remuneration Committee and in this regard, the full Board of the Company will decide on the Executive and Independent Non-Executive Directors' remuneration packages but do not participate in decisions on their own remuneration packages.	
		In doing so, the component of the remuneration packages are linked to performance, commitment and responsibilities, and are periodically reviewed to reflect and ensure the level of remuneration is sufficient to attract and retain calibre Directors to run the Company successfully.	
<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 information of individual directors on named basis is disclosed in the Tong Herr Resources Berhad Annual Report 2023 under the Directors' Profile whilst the Directors' Remuneration has been disclosed in the Corporate Governance Overview Statement.

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	Tsai Ming Ti	Executive Director	0	0	0	0	0	0	0	80	0	429	63	28	0	600
2	Tsai Yi Ting	Executive Director	0	0	0	0	0	0	0	30	0	442	57	16	0	545
3	Tan Ban Leong	Executive Director	0	0	0	0	0	0	0	30	0	116	60	10	0	216
4	Tsai Hung Chuan	Non-Executive Non-Independent Director	0	0	0	0	0	0	0	30	0	0	0	0	0	30
5	Tsai Chia Yen	Non-Executive Non-Independent Director	30	0	0	0	0	0	30	30	0	0	0	0	0	30
6	Tsai Pei Chen	Non-Executive Non-Independent Director	0	0	0	0	0	0	0	30	0	0	0	0	0	30
7	Fazrin Azwar Bin Dato' Hj. Md. Nor	Independent	30	1	0	0	0	0	31	31	0	0	0	0	0	31

		Director														
8	Teh Eng Hin	Independent Director	30	0	0	0	0	0	30	30	0	0	0	0	0	30
9	Datuk Megat Abdul Munir Bin Megat Abdullah Rafaie	Independent Director	30	1	0	0	0	0	31	30	1	0	0	0	0	31
10	Rohaiza Binti Mohamed Basir	Independent Director	0	1	0	0	0	0	1	0	1	0	0	0	0	1
11	Datin Nik Haslinda Binti Nik Mohd Hashim	Independent Director	0	1	0	0	0	0	1	0	1	0	0	0	0	1
12	Soon Gim Wooi	Independent Director	0	1	0	0	0	0	1	0	1	0	0	0	0	1
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 does not disclose the remuneration of the top five Senior Management on named basis nor in the bands of RM50,000 due to confidentiality reason as it may be detrimental to the interest of the Company and individuals and may lead to adverse impact on the company's talent retention in the highly competitive environment.	
<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 8.3 - 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 AC comprises of Three (3) Independent Non-Executive Directors and is chaired by Datin Nik Haslinda Binti Nik Mohd Hashim, whereas the Chairman of the Board is Mr. Tsai Ming Ti.	
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 policy on observation of a cooling-off period of at least 3 years for a former key audit partner prior to the appointment as a member of AC, was incorporated in the Terms of Reference (“TOR”) of AC. A copy of TOR of AC is available on Company’s website at www.tong.com.my .	
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 Terms of Reference of AC also includes the following:</p> <ul style="list-style-type: none">• Reviewed the External Auditors' scope of work and audit plan for the Group.• Reviewed the reports of External Auditors pertaining to accounts and internal control status.• Recommend to the Board for the re-appointment of External Auditors. <p>The AC was satisfied with the suitability and independency of the External Auditors based on the quality of services and sufficiency of resources they provided to the Group, in terms of the firm and the professional staff assigned to the audit. The AC also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussions at private meetings, which demonstrate their independence, objectivity and professionalism.</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	:	The AC comprises wholly 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>The AC possess a wide range of vast experience and necessary skills to discharge its duties. The background of the Three (3) members, who consists of wholly Independent Non-executive Directors are as below:</p> <p>Puan Rohaiza Binti Mohamed Basiris is an Advocate and Solicitor, a member of the Malaysian Bar. She is currently the Senior Equity Partner of Messrs. Azwar & Associates and also co-manage administrative functions of the firm.</p> <p>Datin Nik Haslinda Binti Nik Mohd Hashim is a member of the Malaysia Bar. She joined the legal firm Messrs. Zain Megat & Murad since September 2007 and highly involved in the takeover of companies which include oil and gas companies, automative companies and others. She is also responsible for the administration and management of the firm.</p> <p>Mr. Soon Gim Wooi is a Chartered Accountant with the Malaysian Institute of Accountants. He is the member of Approved Company Auditor since May 2000. He is the founder of GW Soon & Partners, based in Butterworth and Soon & Partners, based in Penang.</p> <p>The Directors keep abreast with general economic, industry and technical developments by attending appropriate conference, seminars and briefings. The details of seminar/training attended by the Directors during the financial year are disclosed in the Corporate Governance Overview Statement of the Annual Report 2023.</p>

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

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance and their responsibility of maintaining a sound system of internal control covering not only financial control but also operational and compliance control. The Board takes necessary steps to identify, assess and monitor principal business risk in order for the Group to achieve its corporate objectives within an acceptable risk profile and to safeguard the shareholders' investments and the Group's assets.</p> <p>The framework in place is designed to manage rather than eliminate the risk of failure to achieve business objectives, and therefore can only provide reasonable but not absolute assurance against material misstatement of management and financial information or against financial losses.</p> <p>The primary objective of risk management is to enhance the Group's ability to achieve business objectives. The Board is responsible for carrying out periodical review on the adequacy, effectiveness and integrity of the Group's risk management and the system of internal control including systems to ensure compliance with applicable laws, regulations, rules, directives and guidelines.</p> <p>The in-house internal audit also plays an important role in ensuring an effective risk management and internal control framework of the Company.</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

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 Group has in place the following key elements:</p> <ul style="list-style-type: none"> • Well-defined hierarchical structure which indicated areas of responsibilities, scope of authority and segregation of duties. • The AC reviews the financial results on the quarterly basis to monitor the performance of the Group. Any material variances encountered by the Internal Audit Personnel will be reported to the Board. • Formal employee appraisal system, which enables appraisal of employees and rewarding employees, based on performance and attendance. • The Group continues to review and update the Standard Operating Procedures for key processes for all Departments to govern the daily operations. This is being continuously monitored and reviewed to ensure effective management of the Group’s operations. <p>The Board is responsible to maintain a sound system of internal control and recognise that the system must continuously evolve to support the operations of the Group. As such, the Board and the management would continue to take measures to strengthen the internal control environment to safeguard the shareholders’ investment and the Group’s assets.</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

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

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

Practice 10.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has established an in-house Internal Audit Function where its personnel reports independently to the AC. The Internal Audit Personnel is independent of the activities or operations of other business operating units. Its principal role is to provide independent reports on the Company's management, records, financial and controls to the AC and review the effectiveness of the Group's internal control system.</p> <p>The Summary of work for Internal Audit Function that was carried out during the financial year includes the following:</p> <ul style="list-style-type: none"> a) Prepared the audit plan that focused on high risk areas. b) Performed internal audit reviews in accordance with the approved audit plan. c) Issued reports on the results of the internal audit reviews, identifying weaknesses with suggested recommendations for improvements to management for further action. d) Attended AC's meetings to table and discuss the audit reports and follow-up on the matters raised. e) Followed-up on the implementation of corrective action plans or best practices agreed with the Management. f) Reviewed the appropriateness of the disclosure statements with regard to compliance with the Malaysian Code on Corporate Governance ("MCCG") and the statement of internal controls. g) Performing any other relevant duties assigned by the Board of Directors.
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

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 internal audit personnel are independent and objective, free from any relationships or conflicts of interest which could impair their objectivity and independence.</p> <p>The information on the Internal Audit function is available in the Statement on Risk Management and Internal Control in the Annual Report 2023.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
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 recognises the importance of ongoing engagement and communication with stakeholders, which they believe would build the trust and understanding between the Company and its stakeholders and also provide stakeholders a better appreciation of the Company's objectives and the quality of the management. This in turn will assist stakeholders in evaluating the Company and facilitate shareholders to determine how their votes should be exercised.</p> <p>The Board provides stakeholders with quarterly results and Audited Financial Statements as well as corporate announcements on significant developments affecting the Company through announcement in Bursa Securities in accordance with the MMLR.</p> <p>The investor relation details published in the Company's website would enable the stakeholders to seek clarification or raise queries via email or phone.</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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not a large Company as defined by the MCCG.	
<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>The Company dispatches its notice of AGM to shareholders at least 28 days before the AGM. The adequate time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.</p> <p>The notice of the AGM where applicable, include details of the resolutions proposed along with background information and reports or recommendations that are relevant.</p> <p>The notice for the previous AGM on 22 May 2023 was issued on 21 April 2023, i.e. 28 days before the 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 13.2

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>The Board took note that the presence of all directors will provide opportunity for shareholders to effectively engage each director. Besides, having the chair of board subcommittees present facilitates these conversations and allows shareholders to raise questions and concerns directly to those responsible.</p> <p>There is an open question and answer session on the resolutions being proposed or about the Group's operations in general. The Management and external auditors were also in attendance to respond to the shareholders' queries (if any).</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Based on previous years’ experience, the shareholders in attendance at general meetings were less than 100 even though the meetings were held in easily accessible areas. Shareholders who are unable to attend are allowed to appoint proxies to attend, speak and vote on their behalf.	
		The Company has adopted poll voting since the 2017 Annual General Meeting for all resolutions proposed, where the votes were cast by way of voting slips. The number of foreign shareholders is too immaterial to warrant the use of technology to facilitate remote shareholder participation or voting in absentia at this stage.	
<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 :	All Directors of the Company have interacted and discussed on the company's financial and non-financial performance at general meetings with the shareholders in attendance. There is an open question and answer session on the resolutions being proposed or about the Group's operations in general. The Management and external auditors were also in attendance to respond to the shareholders' queries (if any).
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 :	Not applicable – only physical general meetings were conducted in the financial year
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 13.6

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 Company has made available the Minutes of 26th AGM on the Company's website.
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
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

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

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