

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 4995  
**COMPANY NAME** : Versatile Creative Berhad  
**FINANCIAL YEAR** : March 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 PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

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

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

### Intended Outcome

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

### Practice 1.1

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

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| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <p>The Group is led and controlled by an effective Board that is responsible for the overall business conduct of the Group, with priorities given on strategic management, risk management, internal control, succession planning and monitoring Management's performance. The Board also undertakes full responsibility on issues concerning the Group's financials, strategies, compliance, governance and other operational matters while protecting the interests of the Group's stakeholders.</p> <p>Whilst decision-making for the day-to-day business operations of the Group is delegated to the Executive Directors within the limits of authority set, the Independent Non-Executive Directors provide independent advice and views so as to provide a check and balance in the Board decision making process. Accordingly, the Board confers some of its authority and responsibilities to the Executive Directors towards achieving the Group's goals as well as executing the strategies and business plans approved by the Board.</p> <p>The Board has established and delegated specific responsibilities to three (3) Board Committees, namely, the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC"), which operate within clearly defined written terms of references. The Board reviews the Board Committees' authority and terms of reference from time to time to ensure their relevance. The Board Committees deliberate the issues on a broad and in-depth basis before putting up any recommendation to the Board for approval. The ultimate responsibility for decision making lies with the Board.</p> <p>During FYE 2022, until 26 July 2022, the Board was assisted by the three (3) Board Committees. However, post 26 July 2022, the AC, NC and RC were not constituted following the resignation of Mr. Chang Chen Seng an Independent Non-Executive Director of the Company and a member of the AC, NC and RC on 26 July 2022.</p> |

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

**Intended Outcome**

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

**Practice 1.2**

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

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Chairman plays a pivotal role in ensuring the effectiveness of the Board by providing leadership to the Board in ensuring that the Board carries out its functions effectively, manages the interface between Board and Management, as well as promote and oversee the highest standards of corporate governance across the Company. The Chairman also assumes a pivotal role as the facilitator in chairing all Board meetings and the general meetings, ensuring such meetings are conducted in an orderly manner to promote constructive communication whereby Directors and shareholders are able to express their views or opinions openly. |  |
| <b>Explanation for departure</b>   | : |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### Intended Outcome

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

### Practice 1.3

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Chairman of the Company is an Independent Director. The Company does not have the intention to appoint a Chief Executive Officer for the time being. The operations of the Group are currently managed by three (3) Executive Directors.</p> <p>The Group has a clear distinction and separation of roles between the Chairman and each of the Executive Directors, with clear division of responsibilities in order to ensure a clear balance of power between the Chairman and the Executive Directors. The Chairman leads the Board in its collective oversight of management, while the Executive Directors are primarily responsible for the day-to-day business operations of the Group, developing the business direction of the Group, ensure that the business strategies and policies are effectively implemented and to explain, clarify and inform the Board on matters pertaining to the Group.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### Intended Outcome

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

### Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

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| <i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i> |   |   |
| <b>Application</b>   | : | Departure   |
| <b>Explanation on application of the practice</b>  | : |   |
| <b>Explanation for departure</b>   | : | Currently, the Chairman of the Board is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. The Company believes that the inclusion of the Chairman in the relevant committees are justified given his strong background and vast experience. |
|  |   | The Board will relook into the composition of the Board Committees to comply with Practice 1.4.   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |   |   |
| <b>Measure</b>   | : | The Board will discuss this matter to evaluate whether to bring in another independent director to sit on the committee.  |
| <b>Timeframe</b>   | : | Within 3 years  |

**Intended Outcome**

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

**Practice 1.5**

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Board is supported by an experienced and qualified Company Secretary who is a qualified professional and a member of one of the prescribed bodies in the Companies Act 2016. The Company Secretary is responsible on advising the Board on regulatory as well as governance matters and directives from time to time. The Company Secretary attends all meetings and ensure the meetings are convened properly, ensures accurate and proper records of the proceedings as well as resolutions passed are recorded and maintained in the statutory register of the Company. |  |
| <b>Explanation for departure</b>   | : |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### Intended Outcome

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

### Practice 1.6

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

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The schedule of all Board meetings and Board Committee meetings is set in advance at the beginning of every calendar year. The meeting agenda, the relevant reports and Board papers are circulated to Directors and Board Committee members well before the meeting to allow the Directors sufficient time to peruse for effective discussion and decision-making during meeting, and where necessary, to obtain supplementary information before meeting</p> <p>The Board members have full and unrestricted access to information within the Group at all times as well as to the advice and services of the Company Secretary and Senior Management for the purpose of the Board's affairs and the business. The Board, whether as a full Board or in their individual capacity, in the furtherance of their duties and responsibilities, may seek independent professional advice at the Company's expense.</p> <p>The Company Secretary is entrusted to record the minutes of meeting on the Board's and Board Committees' deliberation and to ensure the deliberations are adequately documented. The minutes of meetings are then circulated to the Board and Board Committee members in a timely manner for further actions.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |



### Intended Outcome

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

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

### Practice 2.1

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

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

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board has established a Board Charter to provide guidance in the roles and responsibilities of the Directors and Management, and to facilitate an effective discharge of its duties.</p> <p>The Board Charter, which serves as a referencing point for Board's activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company, also seeks to include a formal schedule of matters reserved to the Board for deliberation and decision, so that the control and direction of the Company are in its hands. The Charter is available on the Company's website at <a href="http://www.vc-b.com">www.vc-b.com</a>.</p> <p>The Board Charter is reviewed by the Board, as and when required, to ensure its relevance in assisting the Board to discharge its duties with the changes in the corporate laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities. Any amendment to the Board Charter can only be approved by the Board. The Board Charter was last reviewed on 10 August 2020.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

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

**Practice 3.1**

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

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

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The Board has adopted the Code of Ethics for Directors to enhance the standard of corporate governance and behaviour and to focus on the Board and each Director on areas of ethical risk, provide guidance to Directors to help them recognise and deal with ethical issues, provide mechanisms to report unethical conduct and help to foster a culture of honesty and accountability. The Code of Ethics is required to be observed by all Directors and are to be applied in all aspects of business. |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

**Intended Outcome**

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

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

**Practice 3.2**

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

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Group has formulated and formalised a Whistle Blowing Policy to address concerns pertaining to the possibilities of or unlawful conduct involving employees and management personnel of the Company. The Whistleblowing Policy sets out the procedures for dealing with any complaints lodged by whistleblowers.</p> <p>All complaints of alleged unethical conduct received will be treated with highest confidentiality without any risks of reprisal from the Management and will be investigated and the necessary actions taken to protect the interests of the Group and stakeholders. Appropriate procedures have been put in place to implement this policy.</p> <p>The Whistle Blowing Policy is available on the Company’s website at <a href="http://www.vc-b.com">www.vc-b.com</a></p> |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### Intended Outcome

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

### Practice 4.1

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

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

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

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board recognises the importance of sustainability in an organisation. In recent years, more emphasis has been given to incorporate sustainability into the Board's role in the Group.</p> <p>The Company is committed to ensure the best possible economic, environmental, social and governance outcomes for all those whom the Company's activities influence to the stakeholders, including the communities in which the Company operates, employees, business partners, investors and, as far as practicably possible, organisations within the Company's supply chain.</p> <p>In addition, the Board also ensure that Policies and Procedures are in place to strengthen and comply with its corporate governance when setting up its business strategy.</p> <p>The Group continues to incorporate sustainability consideration into the business operation.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

**Practice 4.2**

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

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Board is aware of the responsibility to communicate to the internal and external stakeholders on the group’s sustainability priorities, targets and performance against these targets. The Group’s priorities and initiatives taken during the financial year under review can be found in the Sustainability Statement of the Annual Report 2022. |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**Intended Outcome**

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

**Practice 4.3**

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

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The Board continuously keeps themselves abreast with and understanding to the sustainability agendas which are relevant to the Company and its business through periodical updates by Bursa Securities, Securities Commission Malaysia and the training programmes attended by them respectively. |  |
| <b>Explanation for departure</b>   | : |   |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

**Intended Outcome**

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

**Practice 4.4**

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

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | As addressing material sustainability risks and opportunities is the responsibility of the board and senior management, the performance evaluation of the board and senior management should consider how well the board and senior management have performed their respective roles. This may include, where applicable, progress against the achievement of sustainability targets. The performance evaluation should be conducted to promote accountability and identify issues that may require intervention by the board and/or senior management. |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

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| <b>Application</b>                             | : | Not Adopted |
| <b>Explanation on adoption of the practice</b> | : |             |



### Intended Outcome

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

### Practice 5.1

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

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Nomination Committee assesses on annual basis the composition of the Board to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision making.</p> <p>It also conducted an assessment of the Directors who were subject to retirement at the forthcoming 19th Annual General Meeting ("AGM") in accordance with the provisions of the Constitution of the Company, the relevant provisions of the Companies Act 2016 as well as the best practices recommended by the MCCG.</p> <p>Upon recommendation by the Nomination Committee, the Board had recommended and supported the re-election of the directors to be tabled at the 19th AGM for shareholders' approval</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

**Practice 5.2**

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

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | During FYE 2022, until 26 July 2022, the Board had seven (7) members. Following the resignation of Mr. Chang Chen Seng, there are currently six (6) Board members comprising three (3) Independent Non-Executive Directors and three (3) Executive Directors. At least half of the Board comprises Independent Directors. The Board composition also complied with the MMLR that requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors. |  |
| <b>Explanation for departure</b>   | : |   |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### Intended Outcome

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

### Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board acknowledged that the tenure of an independent director shall not be more than nine (9) years. In the event the Board wishes to retain an Independent Director who has served beyond the nine (9) year tenure, shareholders' approval is required subject to assessment of the NC and with valid justification. If the Board wishes to retain an Independent Director after the 12th year, the Board must justify and seek annual shareholders' approval through a two-tier voting process. An Independent Director may continue to serve on the Board subject to him/her being re-designated as Non-Independent Director.</p> <p>As at the date of this Annual Report, none of the Independent Directors have served more than nine (9) years.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

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

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| <b>Application</b>                             | : | Not-Adopted |
| <b>Explanation on adoption of the practice</b> | : |             |

## Intended Outcome

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

## Practice 5.5

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

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>To maintain the best interest of the Company, diversity is applied within the Board, Senior Management and all levels of the organisation. In line with this, the Board and Senior Management are appointed based on merit, mix of skills, competencies, experience, professionalism and other relevant qualities which includes age and cultural background to have better governance in the Group. Brief descriptions of the background of Directors and Key Management are presented in Profile of Directors in this Annual Report.</p> <p>NC has observed an excellent level of time commitment of members as reflected in the attendance record of the Directors presented in Corporate Governance Overview Statement in this Annual Report.</p> <p>There was no new appointment to the Board during the financial year 2022. In accordance with the provisions of the Main Market Listing Requirements, none of the Directors hold more than five directorships in listed entities</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### Intended Outcome

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

### Practice 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.

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The Company has in place, the procedures and criteria for identifying candidates for appointment as directors.<br><br>The NC is entrusted by the Board to consider, review and propose the appointment of new nominees for the Board and Board Committees. For new appointments, the NC assesses the suitability of potential candidates by considering their knowledge, skills, character, integrity, experience, time commitment, professionalism and other required criteria, before recommending to the Board for approval. The candidate is identified upon recommendation from shareholders, the Board, Management or other sources such as independent recruitment firms. The Company Secretary ensures the appointments are properly made and in compliance with all regulatory requirements. |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### Intended Outcome

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

### Practice 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.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | Details of directors seeking re-election are set out in the notice of annual general meeting. The profile and details of attendance at Board meetings and Board committee meetings of the directors concerned is set out in the Company's Annual Report. |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**Intended Outcome**

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

**Practice 5.8**

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | Dato' Sri Wira Ayub Bin Hj Yaakob, an Independent Director, chairs the NC. |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |
|  |   |  |  |



**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | Currently, the Board has two (2) female directors, representing 33.33% of the Board. |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**Intended Outcome**

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

**Practice 5.10**

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Company does not have a gender diversity policy for the time being. The Board is supportive in upholding gender diversity within the boardroom and the Management with due consideration on merited factors, such as, skills, experience, attitude and suitability of any potential candidates. Hence, as part of the Company's succession planning, gender diversity objectives will constantly be observed as a key consideration by the Company even without any specific targets determined. |  |
| <b>Explanation for departure</b>   | : |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 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> |  |
| <b>Application</b>   | : Applied  |
| <b>Explanation on application of the practice</b>  | :<br><p>The Board undertakes an assessment on the performance of the Board as a whole, the Board Committees and each individual Director on an annual basis with reference to the Corporate Governance Guide issued by Bursa Securities.</p> <p>The NC has developed the criteria to assess the effectiveness of the Board and each individual Director. The evaluation involves individual Director completing a set of questions regarding the following key areas:</p> <p>Board mix and composition</p> <ul style="list-style-type: none"><li>• Quality of information and decision making</li><li>• Board activities</li><li>• Board's relationship with the management</li><li>• Roles and responsibilities of the Board Chairman</li><li>• Compliance</li></ul> <p>As for the assessment of individual Director, self-performance evaluation is carried out using questionnaire based on key performance indicators tailored to evaluate each Director's performance at carrying out their duties effectively and identify the areas for further improvements. These assessments and comments are collated from all Directors and the results are discussed during the NC meeting.</p> <p>In addition, the NC undertakes an annual assessment of the independence of the Independent Directors to ensure they are able to exercise and maintain their independent judgement at all times.</p> <p>Upon reviewing the results of assessments for the financial year under review, there were no major concerns and the NC is satisfied with the existing Board composition as well as the mix of experience, expertise and qualification of its Board members.</p> |

|   |   |          |
|---|---|----------|
|   | <p>The NC concluded all Directors have demonstrated their commitment, responsibilities and effectiveness towards the Company in terms of time and participation during FYE 2022 and subsequently recommended to the Board on the re-election of the retiring Directors at the upcoming Annual General Meeting (“AGM”).</p> <p>The Board is satisfied with the overall effectiveness of the Board and Board Committees, the contribution and performance of each Director, the current size, composition as well as the mix of skill sets of the Board and the independence of its Independent Directors. The terms of reference of the NC can be viewed from the Company’s website at <a href="http://www.vc-b.com">www.vc-b.com</a>.</p> |          |
| <p><b>Explanation for departure</b></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><b>Measure</b></p>   | <p>:</p>  |          |
| <p><b>Timeframe</b></p>   | <p>:</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 7.1

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.

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Board is of view that setting a fair and competitive remuneration package is essential to attract, motivate and retain high calibre Directors and Senior Management in steering the Group to achieve its long-term goals.</p> <p>The remuneration is structured so as to link rewards to corporate and individual performance. As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken individually by each Director.</p> <p>While the Board has not formalised the remuneration policy, it is the practice by the Group that all Executive are remunerated based on the Group's performance, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience, level of responsibilities assumed in the Board Committees and the Board, their attendance and/or special skills and expertise they bring to the Board.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |



**Intended Outcome**

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.

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>The RC has been entrusted by the Board to determine the levels of remuneration sufficient to attract and retain Directors of quality required to manage the business of the Group. The RC is also entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors.</p> <p>The RC has written Terms of Reference which deals with its authority and duties, and is on the Company’s website at <a href="http://www.vc-b.com">www.vc-b.com</a>.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**Intended Outcome**

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.

|   |   |  |
|---|---|--|
| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | Details of Directors' remuneration on named basis from both the Company and Group for the financial year ended 31 March 2022 are 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  | Tan Sri Dato' Seri Mohd Shariff Bin Omar   | Independent Director | 36,000          | Input info here | Input info here | Input info here | Input info here  | Input info here  | 36,000          | 36,000          | Input info here | Input info here | Input info here | Input info here  | Input info here  | 36,000          |
| 2  | Khat Chee How                              | Executive Director   | 30,000          | Input info here | 192,000         | Input info here | Input info here  | 23,040           | 245,040         | 30,000          | Input info here | 192,000         | Input info here | Input info here  | 23,040           | 245,040         |
| 3  | Loh Teck Wah                               | Executive Director   | 30,000          | Input info here | 192,000         | Input info here | Input info here  | 23,040           | 245,040         | 30,000          | Input info here | 192,000         | Input info here | Input info here  | 23,040           | 245,040         |
| 4  | Lim Siew Yeng                              | Executive Director   | 30,000          | Input info here | 180,000         | Input info here | Input info here  | 21,600           | 231,600         | 30,000          | Input info here | 180,000         | Input info here | Input info here  | 21,600           | 231,600         |
| 5  | Dato' Sri Wira Ayub Bin Yaakob             | Independent Director | 30,000          | Input info here | Input info here | Input info here | Input info here  | Input info here  | 30,000          | 30,000          | Input info here | Input info here | Input info here | Input info here  | Input info here  | 30,000          |
| 6  | Chang Chen Seng (Resigned on 27 July 2022) | Independent Director | 30,000          | Input info here | Input info here | Input info here | Input info here  | Input info here  | 30,000          | 30,000          | Input info here | Input info here | Input info here | Input info here  | Input info here  | 30,000          |
| 7  | Maggie Then                                | Independent Director | 36,000          | Input info here | Input info here | Input info here | Input info here  | Input info here  | 36,000          | 36,000          | Input info here | Input info here | Input info here | Input info here  | Input info here  | 36,000          |
| 8  | 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 |
| 9  | Input info here                            | Choose an item.      | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 10 | Input info here                            | Choose an item.      | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 11 | Input info here                            | Choose an item.      | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 12 | Input info here                            | Choose an item.      | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 13 | Input info here                            | Choose an item.      | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 14 | Input info here                            | Choose an item.      | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 15 | Input info here                            | Choose an item.      | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |

**Intended Outcome**

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

**Practice 8.2**

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Not applicable - all members of senior management are members of the board |  |
| <b>Explanation on application of the practice</b>  | : |  |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

| 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.

|  |   |             |
|--|---|-------------|
| <b>Application</b>                             | : | Not Adopted |
| <b>Explanation on adoption of the practice</b> | : |             |

| 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.

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Chairperson of the AC is Ms. Maggie Then and the Board is chaired by Tan Sri Dato' Seri Mohd Shariff Bin Omar. |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 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.

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Departure   |  |
| <b>Explanation on application of the practice</b>  | : |   |  |
| <b>Explanation for departure</b>   | : | Presently, none of the members of the AC was a former key audit partner of the Company's external auditors.   |  |
|  | : | The Board took note of the recommendation in the Code and will update its policy to stipulate that no former key audit partner shall be appointed as a member of the AC unless he/she has observed a cooling-off period of at least three (3) years before the appointment. |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : | The Board will review the policy and to amend the policy to be in compliance with Practice 9.2  |  |
| <b>Timeframe</b>   | : | Within 3 years  |  |

### 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.

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The AC is responsible for the annual assessment of the competency and independence of the external auditors and ensures that any provision of non-audit services by the external auditors are not in conflict with their role as auditors. Having assessed the performance and independence of the external auditors, the AC will recommend the re-appointment of external auditors to the Board, who will then seek shareholders' approval at the AGM.</p> <p>The AC has assessed the performance, competency, independence, technical capabilities and resource sufficiency of the external auditors. Based on the assessment, the AC was satisfied with the independence and performance of the external auditors and recommended to the Board to put forth a proposal for the re-appointment of the external auditors at the forthcoming AGM.</p> <p>During the financial year, the external auditors provided a confirmation to the AC that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

|  |   |   |
|--|---|---|
| <b>Application</b>                             | : | Adopted   |
| <b>Explanation on adoption of the practice</b> | : | The AC currently comprises solely of Independent 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.

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Board is satisfied that all the members of the AC collectively have the necessary skills and experiences required to be a member of the AC. Majority of the AC members have the necessary expertise and experience in the areas of financial, commercial, capital markets skills an, experience required to meet their responsibilities and provide an effective level of challenge to the Management. The profiles of the AC members are set out in the Annual Report.<br><br>On an ongoing basis, the AC members will participate in training and development sessions in order to ensure that they are educated with the latest development in accounting and auditing standards, guidelines and practices. |  |
| <b>Explanation for departure</b>   | : |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### Intended Outcome

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

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

### Practice 10.1

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

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>In order to be effective in discharging these responsibilities, the Board is assisted by the AC, which functions as an oversight body to review controls and systems in general and to carry out on-going assessment over the adequacy and effectiveness of the risk management and internal control practices within the organisation.</p> <p>In addition to the abovementioned, the Board is supported by the Management in developing, implementing and monitoring practices for identifying and managing risks. This is added with the role of the Management to provide assurance that the necessary control practices are adhered and carried out accordingly based on stipulated policies and framework.</p> <p>Details of the risk management and internal control framework are elaborated further in the Statement on Risk Management and Internal Control in the Annual Report.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### Intended Outcome

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

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

### Practice 10.2

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

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>An assurance was provided by the Executive Directors that the Group's risk management and internal controls have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement, to the Board.</p> <p>Taking into consideration this assurance during the Board's assessment of the Group's risk management and internal control, the Board is of the view that the systems of internal control and risk management is considered adequate for the Group's business operations. An overview of the Group's risk management and internal control framework is disclosed in the Statement on Risk Management and Internal Control of the Annual Report 2022.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

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

**Practice 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.

|  |             |
|--|-------------|
| <b>Application</b> :                             | Not Adopted |
| <b>Explanation on adoption of the practice</b> : |             |

## 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.

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The internal audit function is currently outsourced to an external professional firm/service provider, namely, Sterling Business Alignment Consulting Sdn Bhd. ("Sterling") who reports directly to the Audit Committee ("AC"), by providing independent and objective reports on the state of internal control of the various operations within the Group and the extent of compliance on established policies and procedures. The AC is responsible for monitoring and reviewing the effectiveness of the Group's Internal Audit Function.</p> <p>The internal audit findings, results of work done and the Management's responses as well as recommendations were tabled to the AC for their review.</p> <p>The AC carried out an assessment of the performance of the outsourced internal audit function and reported such assessment to the Board. Details of the internal audit function and activities relevant to the discharge of the AC's responsibilities are set out in the Statement on Risk Management and Internal Control and the Audit Committee Report in the Annual Report. The AC is satisfied with the level of independence and professionalism of Sterling in carrying out their functions effectively.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

## Intended Outcome

Companies 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.

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The internal audit function of the Group is outsourced to Sterling Business Alignment Consulting Sdn Bhd (“Sterling”). The internal audit function is independent from the activities of the Group it audits and carries out its work in accordance with the International Professional Practices Framework as promulgated by the Institute of Internal Auditors.</p> <p>The internal auditors in the Engagement Team assigned to the Company to carry out the internal audit function are free from any relationships or conflicts of interest which could impair their objectivity and independence. The number of staff deployed for the internal audit reviews ranges from 2 to 3 staff per visit. Ms. Yap Sau Peng heads the internal audit team and she has diverse professional experience in internal audit and risk management. She is a Member of the Institute of Internal Auditors Malaysia and MIA.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### Intended Outcome

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

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

### Practice 12.1

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

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Board believes that effective communication fosters better understanding of the Group's objectives and financial performance. In order to promote effective communication with the Company's stakeholders, information/results are made available through timely announcements and disclosure, executed via the Bursa Securities' website, the Company's webpage, press releases and annual reports. Additionally, the Company emphasised on providing a principal platform for dialogue and interactions with its shareholders and stakeholders through its AGMs.</p> <p>The AGM serves as a principal forum for dialogues with individual shareholders as it provides shareholders the opportunity to ask questions about the proposed resolutions or about the Company's operations in general. All relevant information pertaining to the Company is included in the Investor Relations section of the Group's website</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |



**Intended Outcome**

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

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

**Practice 12.2**

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

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

**Intended Outcome**

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

**Practice 13.1**

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>Notice of AGM is distributed to shareholders at least twenty-eight (28) days prior to the date of AGM. The 19th AGM is scheduled on 28 September 2022 and the notice of AGM was dated 29 July 2022, which is more than 28 days' notice in advance to enable shareholders to make the adequate preparation.</p> <p>The additional time allows the shareholders to make necessary arrangements to attend and participate in the AGM either in person or by appointing a proxy. The Company also publishes the notice of AGM in the newspaper.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**Intended Outcome**

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.

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>All the Directors of the Company are normally present during the general meetings in order to engage directly with shareholders and to take up any relevant questions which are related to matters that fall under the purview of the Board Committees or Board, unless unforeseen circumstances preclude them from attending these general meetings.</p> <p>At the Company's general meetings held in 2021, all Directors attended the general meeting. The shareholders present at the AGM were invited to ask questions about the resolutions being proposed at the AGM before putting them to vote by poll.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### Intended Outcome

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.

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>In view of the COVID-19 pandemic situations, the Company has leveraged on technology and conducted its 18th AGM fully virtual through live streaming and online meeting platform provided by Tricor Investor &amp; Issuing House Sdn. Bhd. in Malaysia via its TIIH Online website at <a href="https://tiih.online">https://tiih.online</a>.</p> <p>The Company and its virtual meeting service provider took the necessary steps to ensure the virtual meeting run smoothly with good cyber hygiene practices in place including data privacy and security to prevent cyber threats.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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> |   |
| <b>Application</b> :   | Applied   |
| <b>Explanation on application of the practice</b> :  | The Chairman of the 18th AGM ensured that sufficient opportunities were given to shareholders to raise issues relating to the affairs of the Company by providing ample time for the Question-and-Answer sessions during the said AGM. The Directors had actively responded to relevant questions addressed to them during the said AGM.<br><br>The representatives from external auditors were also present at the broadcast venue to respond to queries raised by shareholders. |
| <b>Explanation for departure</b> :   |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |   |
| <b>Measure</b> :   |   |
| <b>Timeframe</b> :   |   |

### Intended Outcome

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

### Practice 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> |  |
| <b>Application</b> :   | Applied  |
| <b>Explanation on application of the practice</b> :  | The Board ensured the required infrastructures and tools were in placed to enable the smooth broadcast of the 18th AGM and meaningful engagement with the shareholders. The Company worked with its share registrar to ensure that there was adequate back-up plan to mitigate risk of inability to access the meeting platform.<br><br>The questions posed by the shareholders were responded by the Directors and displayed to all meeting participants during the 18th AGM. |
| <b>Explanation for departure</b> :   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |  |
| <b>Measure</b> :   |  |
| <b>Timeframe</b> :   |  |

**Intended Outcome**

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

**Practice 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>         |   |   |
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | Minutes of the Annual General Meeting (“AGM”) were published at the Company’s website no later than 30 business days after the AGM. |
| <b>Explanation for departure</b>   | : | Please provide an explanation on how the practice is being applied.   |
|  | : | Please provide an alternative practice and explain how the alternative practice meets the intended outcome.                         |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

**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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