

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7803  
**COMPANY NAME** : HEXTAR HEALTHCARE 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board takes full responsibility for the overall performance of the Group by setting the vision and objectives through directing the policies, strategic action plans and management of the Group's resources. It focuses mainly on strategies, financial performance and critical business issues.</p> <p>In carrying out its responsibilities, the Board reviews the Group financial results, operational plans and strategic objectives formally on a quarterly basis and deliberates key management decisions. It also ensures that material information is reported to the Exchange in an accurate and timely manner.</p> <p>Four Board Meetings were held in the financial year ended 31 December 2023. In addition to the board meetings, the directors also considered and approved the following key decisions via circulation of Directors' Written Resolutions:</p> <ul style="list-style-type: none"><li>(i) Approval of audited financial statements;</li><li>(ii) Approval of Statement to Shareholders in relation to the Company's proposed Share Buy-back authority;</li><li>(iii) Appointment and Resignation of Independent Directors; and</li><li>(iv) Changes to Board Committees.</li></ul> <p>The Board delegates some of its responsibilities to the Audit, and Nomination and Remuneration Committees who also meet regularly and report on specific matters as disclosed in the Annual Report.</p> <p>The roles and responsibilities of the Board and of the Committees are set out in the Board Charter and Board Committees' Terms of Reference respectively which are made available of the Company's website at <a href="https://ir2.chartnexus.com/hexcare/corporate-governance.php">https://ir2.chartnexus.com/hexcare/corporate-governance.php</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

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Board is Mr. Liew Jee Min @ Chong Jee Min.  The Chairman ensures the effective conduct of the Board, primarily leading the members in board meetings, establishing good governance practices and implementing strategic operational decisions including the formulation of company policies, risk management and corporate affairs. He is supported by the other board members as well as the Group Managing Director, Executive Director and Senior Management who contribute their knowledge, objectivity and experience towards the execution of policies and monitoring of Group operations.	
<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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman, Mr. Liew Jee Min @ Chong Jee Min and the Group Managing Director (MD), Mr. Khoo Chin Leng, hold distinct separate positions within the Group.</p> <p>While the Chairman principally sets the immediate and long-term strategic directions for the Group, the MD oversees the day-to-day management and operation of the Group's resources and ensures the effective implementation of the Board's policies.</p> <p>The key roles and responsibilities of both the Chairman and MD are clearly set out in the Company's Board Charter which is made available of the Company's website at <a href="https://ir2.chartnexus.com/hexcare/corporate-governance.php">https://ir2.chartnexus.com/hexcare/corporate-governance.php</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

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>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Chairman of the Board, Mr. Liew Jee Min @ Chong Jee Min is not a member of the Audit Committee ("AC"). The AC comprises the following members:</p> <ol style="list-style-type: none"><li>1. Mr. Sim Yee Fuan (Chairman of the AC);</li><li>2. Ms. Doris Cheng Chin Ching; and</li><li>3. Ms. Lim Siew Eng.</li></ol> <p>The Chairman of the Board, Mr. Liew Jee Min @ Chong Jee Min, is not a member of the Nomination &amp; Remuneration Committee of the Company as well. The members of the NRC are:</p> <ol style="list-style-type: none"><li>1. Ms. Doris Cheng Chin Ching (Chairman of the NRC);</li><li>2. Ms. Lim Siew Eng; and</li><li>3. Mr. Sim Yee Fuan.</li></ol>
<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 1.5

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has the services of two Company Secretaries, Ms. Ong Wai Leng (SSM PC NO. 202208000633) (MAICSA 7065544) and Ms. Mastura binti Muhamad (SSM PC NO. 202308000517) (MACS 01875), who are both qualified and experienced in all secretarial matters including advising on sound corporate governance practices, updates on directors' responsibilities, regulatory rules, codes, statutes and listing requirements.</p> <p>The Company Secretaries attend all board and board committee meetings to ensure the proper conduct of meeting procedures as well as the correct recording and upkeep of minutes.</p> <p>Under the Board's direction, the Company Secretaries also ensure good information flow with and between Board members, board committees and Senior Management with regards to governance matters. During the year, the Company Secretaries carried out the following:</p> <ul style="list-style-type: none"><li>(i) Attended board and board committee meetings and ensured the proceedings of such meetings were properly recorded as well as minutes of meetings accurately reflect deliberations/decisions made;</li><li>(ii) Ensured the compliance of regulatory requirements by updating the Board on changes to listing requirements and/or Companies Act 2016;</li><li>(iii) Advised the directors of their obligations to disclose their interests in securities, conflict of interests (if any) and related party transactions;</li><li>(iv) Advised and reminded the directors on the prohibition on dealings in securities during closed period and restrictions on disclosure of price-sensitive information;</li><li>(v) Prepared relevant announcements and advised the Board on the requirements for timely disclosure of material announcements to Bursa Malaysia Securities Berhad;</li><li>(vi) Facilitated annual assessments and reviews of the performance of directors and board committee members and tabulated assessment results to the Nomination and Remuneration committee; and</li><li>(vii) Supported the Board by ensuring adherence to best practices on corporate governance, rules, relevant laws and company procedures.</li></ul>

<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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>To assist the Board in fulfilling its responsibilities, at least five (5) working days prior to each board meeting, the Management provides all directors with soft copies of the full quarterly management report that includes the presentation of financial information, manufacturing and sales performances, cashflows, business plans, expenditures and prospects relevant to the Group and/or any other matters highlighted that require the Board's attention. Hard copies of the report are also distributed at the meeting.</p> <p>The minutes of the board and board committee meetings are prepared by the Company Secretaries, signed off by the Chairman of the board or board committee as an accurate reflection of the matters deliberated and distributed to all directors within a reasonable timeframe.</p> <p>The board and board committee meetings are also conducted separately in order to ensure objectivity and independent decision-making.</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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has a board charter that clearly outlines the structure of the Board, roles and responsibilities of Directors, including Independent Directors, committee members and Senior Management. It also states specifically the issues and strategic decisions to be undertaken by the Board each year including setting long term vision(s) for the Group, reviewing and approving dividend payments, Directors' remuneration packages, quarterly financial results to Bursa Malaysia and other corporate announcements.</p> <p>The Board, with the support of its Company Secretaries, also regularly review the Board Charter and the Terms of References of the various board committees to ensure they remain relevant and consistent with current corporate governance practices and new regulations that may impact on their discharge of duties as directors.</p> <p>The Company's current Board Charter was approved by the Board and is published on the Company's website at <a href="https://ir2.chartnexus.com/hexcare/corporate-governance.php">https://ir2.chartnexus.com/hexcare/corporate-governance.php</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 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>: The Group has in place a general Code of Ethics that applies to all Directors, Management and staff of the Group of which they are expected to comply in relation to their dealings with each other, shareholders and the broader community.</p> <p>The Company's Code of Conduct and Ethics cover the following key management practices which are integrated Group-wide: -</p> <ul style="list-style-type: none"> <li>(i) Honesty and integrity;</li> <li>(ii) Fairness and equal opportunity;</li> <li>(iii) Adherence to laws and regulations;</li> <li>(iv) Insider trading;</li> <li>(v) Intellectual property;</li> <li>(vi) Public communications;</li> <li>(vii) Acceptance of gifts and conflicts of interests;</li> <li>(viii) Protection of company's assets and reputation; and</li> <li>(ix) Information security.</li> </ul> <p>The code is intended as a guide to the Board and Management on areas of ethical risks, provide direction to employees on how to deal with ethical issues, mechanism to report unethical conduct and foster a culture of honesty and accountability.</p> <p>This Company's latest Code of Conduct and Ethics was approved by the Board and is published on the Company's website at <a href="https://ir2.chartnexus.com/hexcare/corporate-governance.php">https://ir2.chartnexus.com/hexcare/corporate-governance.php</a> in both English and Bahasa Melayu languages.</p>
<b>Explanation for departure</b>	:
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

<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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Directors of the Company is fully aware that whistleblowing is an effective detection tool for fraud, non-compliances or breaches in laws, rules and regulations. Guidelines are in place for employees, suppliers or customers to report any workplace grievances, infringements or unethical practices via email, in writing or telephone calls whether openly or anonymously.</p> <p>The Group's Whistleblowing Policy encompasses the following acts and undertakings:</p> <ul style="list-style-type: none"><li>(i) Fraud (intentional and non-intentional);</li><li>(ii) Misappropriation of assets;</li><li>(iii) Criminal breach of trust;</li><li>(iv) Illegal or criminal offences;</li><li>(v) Conflicts of interests without disclosure;</li><li>(vi) Misuse of company's properties or confidential information;</li><li>(vii) Endangerment of employees' and public's health and safety;</li><li>(viii) Acts or omissions which are deemed to be against the interest of the Company, laws, regulations or public policies; and</li><li>(ix) Deliberate concealment of any of the above matters or wrongdoing.</li></ul> <p>The Group's Whistleblowing Policy also accords protection to the whistleblower where appropriate and lays out the framework where stakeholders have a channel to report any of the above acts in strict confidence and good faith.</p> <p>The Company's latest Whistleblowing Policy was updated in August 2023 and is published on the Company's website in both languages, English and Bahasa Melayu, at <a href="https://ir2.chartnexus.com/hexcare/corporate-governance.php">https://ir2.chartnexus.com/hexcare/corporate-governance.php</a>.</p> <p>In addition to this Whistleblowing Policy, the Company and Group have also formally adopted the Anti-Corruption and Bribery Policy which sets out the obligations and responsibilities of the employees in observing</p>

	<p>and upholding the Group’s zero-tolerance stance on corruption and bribery.</p> <p>The Group has sent out official Notifications on Anti-Bribery and Corruption to its key suppliers informing them of the Group’s stance on corruption and bribery and we are pleased that these business partners have acknowledged their understanding of the Group’s commitment to complying to the Malaysian Anti-Corruption Commission Act 2009 and its 2018 Amendment (MACCA) that prohibits bribery and corruption.</p> <p>The Group’s Anti-Corruption and Bribery Policy was updated is published on the Company’s website in both languages, English and Bahasa Melayu, at <a href="https://ir2.chartnexus.com/hexcare/corporate-governance.php">https://ir2.chartnexus.com/hexcare/corporate-governance.php</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>	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has an internal Environmental, Social and Governance (ESG) Committee that is made up of Senior Management as well as key staff members who assist in the formulation of ESG goals, compliance and monitoring. The ESG committee meets regularly to discuss and follow up on key action plans with regards to processes, environmental compliance and other sustainable practices.</p> <p>The Board provides guidance on the development of the Company's business strategies and ensures that sustainability goals are measurable and achievable.</p> <p>Since December 2022, Hextar Healthcare Berhad has been a constituent to the FTSE4Good Bursa Malaysia ("F4GBM") Index, which acknowledges the performance of public listed companies demonstrating strong ESG practices.</p> <p>The Group also employs a full-time ESG Manager that reports directly to Senior Management, and who is tasked with formulating ESG goals, implementing sustainable practices and monitoring compliance.</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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's sustainability goals, strategies, priorities as well as targets and performance are developed in-house and communicated to its internal and external stakeholders.</p> <p>Since December 2022, Hextar Healthcare Berhad has been a constituent to the FTSE4Good Bursa Malaysia ("F4GBM") Index, which acknowledges the performance of public listed companies demonstrating strong ESG practices.</p> <p>The Group is committed to uphold strong ESG practices within the companies and supply chain of the Group's operations and is continuously seeking ways to engage with stakeholders on the Group's ESG targets and performance in order to provide more comprehensive disclosures in the Group's Sustainability Statement 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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Directors and Senior Management of the Group are provided with opportunities to attend relevant training programmes on an ongoing basis in areas relating to the industry or job scopes to strengthen their understanding and competencies relating to sustainability, corporate governance, risk management and other strategic issues relevant to the company and the business.</p> <p>During the financial year, the Directors, individually and/or collectively, have attended training courses organized by professional bodies and regulatory authorities as well as those conducted in-house as disclosed in the Annual Report 2023.</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 4.4

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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Board assesses the performance of the Directors and the Board as a whole, through an internally designed individual directors' self and peer assessment appraisal forms where directors are evaluated on their ideas contribution, governance, integrity, communication, team-work and decision making competencies.</p> <p>However, this assessment did not cover a review of the performance of the Board and Senior Management in addressing the Company's material sustainability risks and opportunities. The Board recognises the importance of such evaluations and shall endeavour to expand the Terms of Reference of the Nomination and Remuneration Committee to include such evaluations.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**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.*

<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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC is responsible for reviewing and making recommendations to the Board on the identification and selection of new Directors, taking into consideration the desired qualifications, skill sets, competencies and experience which are required to supplement the Board's existing attributes.</p> <p>At the forthcoming 28<sup>th</sup> Annual General Meeting of the Company, Mr. Mr. Khoo Chin Leng, Mr. Goh Hsu-Ming and Mr. Sim Yee Fuan are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.</p> <p>The Board, has through the NRC, considered the performance and contribution of each of the retiring Directors and collectively agreed that they meet the criteria prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") on skill, expertise, experience, professionalism, commitment, integrity, character, competence and time to effectively discharge their duties as Directors. As such, the Board has endorsed the NRC's recommendation to seek shareholders' approval for the re-election of the retiring Directors.</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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors consist of six (6) members, of which four (4) are independent non-executive Directors.</p> <p>The Board composition complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that require at least two (2) directors or one-third of the Board, whichever is higher, to be independent.</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 5.3**

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	None of the independent Company Directors have served a cumulative term limit of nine years.	
<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.

<i>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.</i>	
<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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC is tasked with ensuring that the Board and Senior Management comprise of members with the right mix of calibre and credibility. It is currently headed by the Chairman, Ms. Doris Cheng Chin Ching, and supported by two other independent non-executive directors.</p> <p>In recommending any new director(s) to the Board, the Committee considers the individual(s)' background, requisite experience, skills set, capabilities and professionalism. It also objectively assesses the individual(s)' independence, conflicts of interests and family relationships, if any. Profile of directors and key management personnel are disclosed in our Annual Report 2023.</p> <p>The NRC and the Board acknowledges the importance of boardroom diversity and aims to ensure an optimal mix of individuals that can add depth and perceptiveness for effective board discussions and decision making.</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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The primary function of the NRC is to ensure that the Board comprise of members that meet the required skill sets needed to direct and control the Company towards achieving its goals and objectives.</p> <p>The NRC also assists the Board in identifying, considering and recommending suitable persons for appointment as Directors and members of board committees and/or its subsidiaries. The final decision(s) as to who shall be appointed is the responsibility of the full Board after considering the recommendations of the Committee.</p> <p>In recommending candidates for directorships, the NRC would consider the following attributes:</p> <ul style="list-style-type: none"><li>(i) Skills, knowledge, expertise, qualification, experience, professionalism, integrity, time commitment, age and gender;</li><li>(ii) In the case of candidates for the position of independent non-executive Directors, the NRC would also evaluate the candidates' ability to discharge such responsibilities or functions as required of the position.</li></ul> <p>The NRC is further guided by its Terms of Reference in carrying out its responsibilities in respect of the nomination, selection and appointment of Director(s) of the Company.</p> <p>On 26 May 2023, Mr. Sim Yee Fuan was appointed as an independent non-executive Director of the Company. His profile is disclosed on page 19 of the Annual Report 2023.</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 5.7

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The profile of directors standing for re-election are listed on pages 18 and 19 of the Annual Report 2023.</p> <p>The Board of Directors (“the Board”) has, through the NRC, considered the performance and contribution of each of the retiring Directors, their fitness and propriety with reference to the Directors’ Fit and Proper Policy, and collectively agreed that they meet the criteria prescribed by Paragraph 2.20A of the MMLR on skill, expertise, experience, professionalism, commitment, integrity, character, competence and time to effectively discharge their role as Directors.</p> <p>The Board has endorsed the Nomination and Remuneration Committee’s recommendation to seek shareholders’ approval for the re-election of these Directors as set out on page 8 of the Annual Report 2023.</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 5.8**

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>	:	<p>The NRC is headed by Ms. Doris Cheng Chin Ching, who is also an independent non-executive Director of the Company. During the year, Mr. Sim Yee Fuan was also appointed as a member of the NRC, in place of Dato' Chan Choun Sien who resigned on 26 May 2023.</p> <p>The Board composition, directors' roles and responsibilities are reviewed by the NRC, through an internally designed individual directors' self and peer assessment appraisal forms filled up by each Director and reviewed by the NRC, at least once a year.</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 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board consist of two women directors who were both appointed on 01 January 2023; namely Ms. Doris Cheng Chin Ching and Ms. Lim Siew Eng. The Board's ratio of women directors is 33%.</p> <p>The Board recognises gender diversity in its Board composition and will seek to identify and engage women director(s) who meet the Group's objective criteria in terms of merit, skills, experience and capabilities.</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 5.10

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>	:	
<b>Explanation for departure</b>	:	<p>The Company and Group supports gender diversity in the appointment and employment of its Directors, Senior Management and staff members.</p> <p>The Company's Board Diversity policy has been updated since August 2023 and is published on the Company's website at <a href="https://ir2.chartnexus.com/hexcare/corporate-governance.php">https://ir2.chartnexus.com/hexcare/corporate-governance.php</a> and is available in both English and Bahasa Melayu languages.</p> <p>Notwithstanding the adoption of the Company's policy on gender diversity, Hextar Healthcare Berhad is committed to providing an environment that is free from discrimination in employment and opportunity due to race, religion, creed, national origin, ancestry, disability, marital status, gender, sexual orientation or age. The Group's policy on workplace discrimination is also published on the Company's website at <a href="https://ir2.chartnexus.com/hexcare/corporate-governance.php">https://ir2.chartnexus.com/hexcare/corporate-governance.php</a> and is available in both languages of English and Bahasa Melayu.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

## 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>	: <p>The NRC is tasked with evaluating the effectiveness of the Board and the committees, the performance of each board member individually as well as collectively, once a year.</p> <p>An internally designed individual directors' self and peer assessment appraisal form and board and board committee evaluation form were sent to each Director in January 2024, and the results were compiled with the cooperation of our Company Secretaries. Areas of review and assessment include:</p> <ul style="list-style-type: none"><li>(i) Board structure and membership;</li><li>(ii) Board functionality and effectiveness;</li><li>(iii) Board terms of reference;</li><li>(iv) Board meetings;</li><li>(v) Directors' contribution to meeting interactions</li><li>(vi) Directors' quality of input;</li><li>(vii) Directors' understanding of role;</li><li>(viii) Assessment of independence; and</li><li>(ix) Conflicts of interests.</li><li>(x) Fit and proper</li><li>(xi) Board's relationship with the Management</li><li>(xii) ESG issues</li></ul> <p>For the financial year 2023, based on the assessment conducted, the Board was satisfied with the performance of the Board, Board Committees, individual directors, the level of independence demonstrated by all Independent Non-Executive Directors and their abilities to act in the best interests of the Company during deliberations at the Board and Board Committee meetings.</p> <p>Where necessary, the Board would also consider the services of external independent experts to provide these assessments and facilitate objective evaluations of board members.</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 7.1

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 determination of remuneration for each individual Director and Senior Management is the prerogative of the NRC of the Board, which is headed by the Chairman, Ms. Doris Cheng Chin Ching.</p> <p>The Company's and the Group's remuneration scheme is linked to performance, service seniority, experience and scope of responsibilities. The NRC meets at least once yearly to ascertain and approve remuneration and other benefits of the Directors and Senior Management in accordance with the Company's policy guidelines and with reference to external industrial benchmark reports. Individual directors shall abstain from voting and approving their own fees and benefits.</p> <p>The fees payable to the Non-Executive Directors are determined by the shareholders, and paid annually. In addition, they are also paid meeting allowances for each meeting attended.</p> <p>The directors' fees and other benefits payable to the directors are also discussed and tabled at the Annual General Meeting and subject to shareholders' approval.</p> <p>The Group's remuneration policy is available on the company's website at <a href="https://ir2.chartnexus.com/hexcare/corporate-governance.php">https://ir2.chartnexus.com/hexcare/corporate-governance.php</a> in both English and Bahasa Melayu languages.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<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 NRC consist of three (3) members, who are all Independent Non-Executive Directors. The NRC is guided by the Board’s policies and procedures when reviewing and recommending for approval the remuneration and benefits of Directors and Senior Management as explained in Practice 7.1 above.</p> <p>The Company has in place a Directors’ and Officers’ Liability insurance against any liability incurred by Directors and Senior Management or officers of the Group in the discharge of their duties while in office.</p> <p>However, this insurance policy does not indemnify the Directors and/or Senior Management should any negligence, fraud, breach of duty or breach of trust is proven against them.</p> <p>The NRC’s Terms of Reference is also available on the company’s website at <a href="https://ir2.chartnexus.com/hexcare/corporate-governance.php">https://ir2.chartnexus.com/hexcare/corporate-governance.php</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>	:	The detailed disclosure of each Director's remuneration is disclosed in the Corporate Governance Overview Statement of the Company's Annual Report 2023 and also set out below.

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	Liew Jee Min @ Chong Jee Min	Independent Director	61	5	0	0	0	0	66	61	5	0	0	0	0	66
2	Khoo Chin Leng	Executive Director	0	0	0	0	0	0	0	0	64	588	0	28	26	706
3	Goh Hsu-Ming	Executive Director	0	0	0	0	0	0	0	0	72	420	0	0	59	551
4	Sim Yee Fuan	Independent Director	32	2	0	0	0	0	34	32	2	0	0	0	0	34
5	Doris Cheng Chin Ching	Independent Director	52	5	0	0	0	0	57	52	5	0	0	0	0	57
6	Lim Siew Eng	Independent Director	50	5	0	0	0	0	55	50	5	0	0	0	0	55
7	Dato' Chan Choun Sien	Independent Director	22	3	0	0	0	0	25	22	3	0	0	0	0	25
8	Lim Chee Lip	Executive Director	0	0	0	0	0	0	0	0	48	308	0	24	40	420
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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board and Company are of the view that such detailed disclosure is sensitive and may hinder the human resource management of the Group.  However, the remuneration of the top five (5) senior management of the Group is disclosed in bands of RM50,000 on page 72 of the Company's Annual Report 2023.	
		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>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

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



**Intended Outcome**

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

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<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 Chairman of the AC is Mr. Sim Yee Fuan, an Independent Non-Executive Director whereas the Chairman of the Board is Mr. Liew Jee Min @ Chong Jee Min.  They do not have any familial relationship.	
<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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As of to date, no former key audit partners of the present external auditors have been appointed to the Board of Directors of the Company or employed by the Group.</p> <p>The Company's Terms of Reference of the AC includes a cooling-off period of at least three (3) years if any former key audit partner is considered as a candidate for the AC in future.</p> <p>This policy has been incorporated into the Terms of Reference of the AC which is published on the Company's website at <a href="https://ir2.chartnexus.com/hexcare/corporate-governance.php">https://ir2.chartnexus.com/hexcare/corporate-governance.php</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

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 assesses the competency and independence of the external auditor and if satisfactory, recommends for re-appointment to the Board, who will then seek shareholders' approval at the Company's Annual General Meeting.</p> <p>The quality assessment of the external auditor, Deloitte PLT, was carried out by the AC and Senior Management. For the financial year 2023, the AC and Management were satisfied that the external auditor has been independent and professional throughout the conduct of their audit, and their audit services have met the quality standards expected by the AC and Management.</p> <p>Yearly, the external auditors also formally declare to the AC and the Board that they are in compliance with the independence requirements set out in the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.</p> <p>This policy has been incorporated into the Terms of Reference of the AC which is published on the Company'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 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 of the Company comprise of Mr. Sim Yee Fuan (Chairman), Ms. Doris Cheng Chin Ching and Ms. Lim Siew Eng who are all Independent Non-Executive Directors of the Company.

### 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 Chairman and all members of the AC are financially literate, with one of them a member of the Malaysia Institute of Accountants (MIA). The AC has assisted the Board of Directors in discharging its duties and responsibilities relating to the Group's risk management, internal controls, financial reporting and compliance of statutory requirements.  During the year, AC members have also attended related professional development training programmes to stay updated on the latest developments in accounting and auditing standards, practices and rules as disclosed in the Company's Annual Report.
<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>The Board of Directors is responsible for the adequacy and effectiveness of the Group's risk management and internal control systems, which cover finance, operations, management information systems and compliance with relevant laws, both local and foreign, other statutory regulations, policies and procedures.</p> <p>The Group's Internal Auditor, Baker Tilly Monteiro Heng Governance Sdn Bhd, assisted the Group's Management in implementing a Risk Management Framework with the necessary policies to facilitate the establishment of risk registers and reporting on risks management to the AC.</p> <p>The Board of Directors, through its AC, has received assurance from Management that the Group's risk management and internal control systems are operating adequately and effectively at the present time.</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>	:	The Company issues a Statement on Risk Management and Internal Control that highlights the features and key elements of the risk management and internal control framework of the Group in its Annual Report.	
<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>	:	Please provide an explanation on the adoption.

### 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>During the financial year, the Group’s Internal Auditor, Baker Tilly Monteiro Heng Governance Sdn Bhd (“Baker Tilly”), completed four(4) internal audit reviews, covering the following key areas of the Group:</p> <ul style="list-style-type: none"> <li>(a) Sales to Receipt Management;</li> <li>(b) Procurement to Payment Management;</li> <li>(c) Human Resource Management and Payroll Function; and</li> <li>(d) Information Technology General and Application Controls.</li> </ul> <p>In identifying the risk areas and effectiveness of internal controls, Baker Tilly considered the following:</p> <ul style="list-style-type: none"> <li>(i) Review of existing policies and procedures;</li> <li>(ii) Systems documentation, walk-through and gap analysis; and</li> <li>(iii) Detailed testing and validation.</li> </ul> <p>The Internal Auditor presented their findings and reported to the AC on their observations and issued recommendations to improvements on certain audit processes and controls.</p> <p>In discharging its duties, the AC assesses the performance of the Internal Auditor yearly and reports to the Board of Directors on the adequacy and relevance of the scope, functions, competency, authority and resources of the internal audit function to carry out its work.</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>	:	The Internal Auditor carries out its activities in accordance with recognised internal auditing standards covering the conduct of audit planning, execution, documentation and communication of findings. It is also guided by the principals set up under the Group’s Risk Management and Internal Control framework. The AC and Board of Directors are adequately satisfied with the competence, professionalism and impartiality of the Internal Auditor in carrying out its duties.	
<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 Company is guided by the disclosure requirements and continuing listing obligations prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The Board ensures that the Company releases to Bursa Malaysia Securities Berhad, its quarterly financial results and performance, in a timely manner. Any information pertaining to material or corporate developments are also announced to Bursa Malaysia Securities Berhad within the appropriate timeframe.</p> <p>Every year, the Board also ensures that information is made available to the shareholders through its Annual Report and the Company's Annual General Meeting (AGM) where shareholders and investors are invited to interact with Management, key officers, internal auditors and external auditors of the Group. Shareholders are given ample opportunities and sufficient time to raise questions or queries prior to the Company's AGM and during the proceedings of the AGM by utilising the Remote Participation and Voting (RPV) facilities provided by our host/share registrar.</p> <p>The Company's website, <a href="http://www.hextarhealthcare.com">http://www.hextarhealthcare.com</a>, also has an "investor relations" tab where stakeholders are able to view stock information, corporate announcements, annual reports, the Board Charter and terms of references of various committees as well as notices of general meetings and key matters discussed. The company's website also serves as a communication channel where stakeholders may make enquiries through to a general phone number and/or sales hotlines published on the 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>The Notice of Annual General Meeting (AGM) was released on 26 April 2024 via Bursa Malaysia Securities Berhad and published in at least one (1) major newspaper in circulation in Malaysia i.e. The Star, which is at least 28 days' notice prior to the Company's 28<sup>th</sup> Annual General Meeting to be held on 27<sup>th</sup> May 2024. Shareholders are provided with sufficient time to consider attending the AGM or appointing proxies and/or corporate representatives to attend on their behalf.</p> <p>The Company's Notice of AGM outlines the resolutions to be tabled for deliberation and approval during the AGM. Where required, detailed explanatory notes also accompany the resolutions that are to be tabled so that shareholders have sufficient information to consider prior to voting at the AGM.</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 Directors of the Company, including Chairmen of the various Committees, Senior Management and the external auditor attended the previous Annual General Meeting held on 26<sup>th</sup> May 2023 and were able to provide meaningful responses to questions raised by shareholders.</p> <p>Barring any unforeseen circumstances, the Directors and Chairs of the various committees have also confirmed their attendances at the forthcoming Annual General Meeting to be held on 27<sup>th</sup> May 2024.</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>For the past four financial years, the Company has conducted its Annual General Meeting (AGM) on a fully virtual basis, in accordance with the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission of Malaysia. An online meeting platform was provided by Tricor Investor &amp; Issuing House Services Sdn Bhd, as host and who also coordinated the shareholders' remote participation and voting facilities. Shareholders and proxies were briefed on the remote voting process as well as the use of the Query Box for submission of any queries in real time during the AGM. The same mode of conduct shall also prevail at the forthcoming AGM.</p> <p>As in previous Annual General Meetings, the Company's resolutions set out in the Notice of Annual General Meeting were put to a vote by poll, the results validated and presented to the shareholders. This same practice will prevail at the forthcoming AGM.</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> :	<p>The Chairman ensures that shareholders were given ample opportunities to raise questions; this was evident at the Company's 27<sup>th</sup> Annual General Meeting (AGM) held in May 2023. Shareholders were encouraged to submit questions to the Board prior to the AGM via Tricor Investor &amp; Issuing House Services Sdn Bhd's online platform at <a href="https://tiih.online">https://tiih.online</a> by selecting the "e-Services" option. The Q&amp;A session during the AGM was kept open to allow shareholders and proxies to pose typed text questions in real time on a dedicated query box online.</p> <p>The Chairman also ensured that all questions raised prior to the AGM as well as during the Meeting was read and where necessary, directed to the appropriate board members or senior management or the external auditors. The Chairman encourages a fully interactive and robust Q&amp;A session where shareholders may raise questions on the Company' financial position, strategic plans, prospects and other non-financial queries. Details of the responses were duly recorded in the minutes of the Meeting and published on the corporate website within a reasonable time upon the conclusion of the Meeting.</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 13.5

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> :	<p>With the wellbeing and safety of our shareholders in mind, the Company's 27<sup>th</sup> Annual General Meeting (AGM) held in May 2023 was conducted on a fully virtual basis. The Meeting was conducted via Tricor Investor &amp; Issuing House Services Sdn Bhd's online platform at <a href="https://tjih.online">https://tjih.online</a>, which supported, among others:</p> <ul style="list-style-type: none"> <li>(i) live video streaming of all Directors, senior management, company secretaries and the external auditor who participated at the AGM and were available to address queries from shareholders;</li> <li>(ii) tutorial guidance for shareholders, proxies and corporate representatives on the voting procedures and process of remote voting;</li> <li>(iii) submission of live queries from shareholders, proxies and corporate representatives throughout the Meeting; and</li> <li>(iv) online poll voting upon commencement of the Meeting and throughout the Meetings.</li> </ul> <p>The conduct of the Company's forthcoming 28<sup>th</sup> AGM shall also be carried out in a similar way, for the convenience, safety and welfare of our shareholders, proxies and corporate representatives.</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 13.6**

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>	: At the 27 <sup>th</sup> Annual General Meeting (AGM) of the Company held in May 2023, the full minutes of the meeting were uploaded and published on the company's website within 30 business days.  The Company is cognizant of good governance laid out in Practice 13.6 and will strive to always make available minutes of general meetings for the perusal of the shareholders within 30 business days upon the conclusion of such general meetings.
<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>	:  

**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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