

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0161
COMPANY NAME : HEXSTAR INDUSTRIES 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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors of Hextar Industries Berhad ("Company") ("Board") is collectively responsible for the long term success of the Company and its subsidiaries ("Group") and the delivery of sustainable values to its stakeholders. The Board sets the strategic direction of the Company, exercised oversight on the Senior Management and set the appropriate tone at the top, while providing thought leadership and championing good governance and ethical practices throughout the Group.</p> <p>The Board together with the Senior Management takes responsibility for the governance of sustainability in the Group including setting the Group's strategic plans and direction, overseeing the conduct of the business, risk management, succession planning of the Board and Senior Management and ensuring the system of internal controls and management information system are effectively in place. In discharging its fiduciary duties and leadership functions, the Board is guided by the Board Charter, which outlines the duties and responsibilities of the Board, matters reserved for the Board as well as those which the Board may delegate to the Board Committees and the Senior Management. The Board has a schedule of matters reserved for its approval, amongst others, recommendation of dividends, financial results, changes in Board composition, major acquisition of assets or investments and corporate proposals to ensure that direction and control of the Company are firmly in its hands. The Board Charter is available on the Company's website accessible at www.hextarindustries.com.</p> <p>The Board has established the Audit Committee ("AC"), Nomination and Remuneration Committee ("NRC") and Risk Management Committee ("RMC") (collectively referred to as "Board Committees") to assist in the execution of its responsibilities. The functions, duties and authorities of the Board Committees are set out in the Terms of Reference of each of the Board Committees, which is accessible at the Company's website: www.hextarindustries.com.</p>

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

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is chaired by Dato' Chan Choun Sien, an Independent Non-Executive Director who is responsible to provide leadership for the Board so that the Board can perform its responsibilities effectively.</p> <p>The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter, which is available on the Company's website at www.hextarindustries.com</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of the Chairman and the Group Managing Director of the Company are held by two different individuals with clear separation of duties and responsibilities to ensure a balance of power and authority so that no one individual has unfettered powers of decision making.</p> <p>The difference in the roles of the Chairman and Group Managing Director provides a clear segregation of responsibility and accountability. These are enshrined in the Board Charter, which is made available on the Company's website at www.hextarindustries.com.</p> <p>There is clear separation of powers between the Chairman, Dato' Chan Choun Sien, who is an independent director and the Group Managing Director, Mr Ang Sui Aik, Benny and this further enhances the independence of the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: During the financial year ended 31 December 2023, the Chairman of the Board, Dato' Chan Choun Sien holds the following positions: - <ol style="list-style-type: none">1. Member of Audit Committee ("AC");2. Member of Risk Management Committee ("RMC"); and3. Member of Nomination and Remuneration Committee ("NC"). The Board acknowledges the risk of self-review. Consequently, Dato' Chan Choun Sien resigned from his position on the Board Committee effective from 1 March 2024.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>In compliance with MCCG, the Board is supported by three (3) qualified and competent Company Secretaries. The Company Secretaries of the Company are qualified to act as Company Secretaries under Section 235 of the Companies Act, 2016 ("the Act"). The Company Secretaries provides the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regard to the Company's Constitution, Board's policies and procedures as well as compliance with all regulatory requirements, MCCG, guidance and legislation.</p> <p>The Board has ready and unrestricted access to the advice and services of the Company Secretaries, who are considered capable of carrying out the duties to which the post entails. The Directors may seek advice from the Company Secretaries directly on issues under their respective purview or request further explanation, information or updates on any aspect of the Company's concerns.</p> <p>The Company Secretaries keep the Board abreast with the latest regulatory updates and also ensure that deliberations at Board and Board Committee meetings are well documented.</p> <p>The Company Secretaries are accountable to the Board on all matters connected with the proper functioning of the Board and responsibility includes:</p> <ul style="list-style-type: none">• assisting the Chairman and the Chairmen of the Board Committees in developing the agendas for the meetings;• administering, attending and preparing the minutes of meetings of the Board, Board Committees and shareholders and maintaining proper records of proceedings and resolutions passed;• acting as liaison to ensure good information flow within the Board, between the Board and its Committees as well as between management and the Directors;• advising on statutory and regulatory requirements and the resultant implication of any changes that have bearing on the Company and the Directors;• advising on matters of corporate governance and ensuring Board policies and procedures are adhered to;

	<ul style="list-style-type: none"> • monitoring compliance with the Act, Listing Requirements and the Constitution of the Company; • facilitating orientation of new director; and • disseminating suitable training courses and arranging for Directors to attend such courses when requested.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers will be forwarded to each director no later than five (5) days before the date of the meeting. This is to ensure that Board papers comprising due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board papers and seek for any clarification as and when they may need advices or further explanation from management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries and properly documented and maintained at the Registered Office of the Company.</p> <p>The minutes of the meetings are prepared and circulated to all the Directors for review and approval. Fundamental questions raised and key points discussed during the meetings were recorded. The minutes of the meetings would be confirmed by the Board at the next meeting and signed by the Chairman.</p> <p>The Board has access to all information within the Company to enable them to discharge their duties and responsibilities and is supplied on a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.</p> <p>The Directors may whether as a full Board or in their individual capacity, when necessary, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter has been formalised and adopted by the Board, serves as a primary reference which sets out the composition of the Board, appointments of Directors, re-election of Directors, roles and responsibilities of the Board, Board Committees, Chairman, Executive Directors and Independent Non-Executive Directors.</p> <p>The roles and responsibilities of the Board Committees, as well as the issues and decisions which required the Board Committees collective decision are also spelled out in the Terms of Reference of the respective Board Committees.</p> <p>The Board will review the Board Charter from time to time to ensure that the Board Charter remains consistent with the Board's objectives, current law and practices. The Board Charter is available on the Company's website at www.hextarindustries.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed in maintaining a corporate culture which engenders ethical conduct through its Code of Conduct and Ethics, which summarises what the Company must endeavour to do proactively to increase corporate value, and which describes the areas in daily activities that require caution to minimise any risks that may occur.</p> <p>The Code of Conduct and Ethics provides guidance for Directors and every employee of the Group regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.</p> <p>The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The Code of Conduct and Ethics is available at the Company's website at www.hextarindustries.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has in place a Whistle-blowing Policy and Procedures which provides an avenue for employees and stakeholders to disclose and report instances of improper, unethical or unlawful conduct within Hextar Industries Berhad and Group of Companies without fear of reprisal.</p> <p>Any person may report allegations of suspected misconduct or breach or suspected breach of law, rule or regulation under which the Company operates that may adversely affect the Company and its stakeholders and is encouraged to make disclosure by submitting their concerns via the channel provided in the Policy.</p> <p>Acts of misconduct or improper activities may be disclosed in writing, by e-mail, telephone or in person with preference given to reporting in writing to ensure a clear understanding of the issues raised.</p> <p>The Board will review the Whistle-blowing Policy and Procedures when necessary to ensure it remains relevant and appropriate. The Whistle-blowing Policy and Procedures is available at the Company's website at www.hextarindustries.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board believes that introducing ESG considerations in its business decisions is essential foundation to achieve long term business success besides creating value for all its stakeholders, as well as a strategic approach to support and empower communities, encourage social inclusivity and improve the environments.</p> <p>The Board holds the primary responsibility for overseeing sustainability-related matters, including the development of strategies, setting priorities, and establishing targets. Operational execution pertaining to economic, sustainability and social (ESS) factors, as part of the Group's corporate strategies, falls within the purview of the Management.</p> <p>The Board believes that the balancing of ESG with the interest of stakeholders is essential to enhancing investor perception and public trust that works towards value enhancement for stakeholders in the long run. As a responsible corporate citizen, one would have an obligation in making the earth a better place to live in through responsible investing, besides weighing on an appropriate risk return profile for its investments.</p> <p>With this HIB incorporated its principles of sustainability in its ESG policy. HIB's commitment towards environmental, social and corporate governance issues is strong and hands on and is also an important step towards a more sustainable society in the long run.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	The practices have been adopted by the Company to engage with the internal and external stakeholders are disclosed in the Sustainability Statement of the Annual Report 2023.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Boards have sufficient understanding and knowledge of the sustainability issues that are relevant to the Company and its business, to discharge its role effectively.</p> <p>The Board keeps fully abreast of latest regulations and guidance applicable to the business including current and emerging environment problems and develop robust practices around factoring environmental considerations into Board decision making.</p> <p>The measures that the Board has taken to attain a better and more sustainable future are disclosed in the Sustainability Statement of the Annual Report 2023.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The performance evaluations of the Board and senior management include a review of the performance in addressing the Company’s material sustainability risks and opportunities.</p> <p>It is part of the procedure to measure progress against the achievement of sustainability targets in order to promote accountability of the Board and senior management and identify issues that may require intervention by the Board and/or senior management to ensure prompt corrective actions are taken.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Group has established the Environmental, Social and Governance (“ESG”) Committee chaired by Group Managing Director, Mr Benny Ang, and its members consists of Executive Director, Financial Controller and Heads of relevant Divisions.</p> <p>The ESG Committee is responsible for the following:</p> <ul style="list-style-type: none">• Advising and recommending to the Board the business strategies in the area of sustainability;• Monitoring the implementation of sustainability strategies as approved by the Board;• Recommending to Board the sustainability-related policies for adoption and monitoring the implementation of the policies;• Recommending to the Board for its approval the sustainability matters identified as material;• Managing sustainability matters with particular focus on matters material to the Group;• Overseeing the preparation of sustainability disclosures as required by laws and/or rules and recommending it for the Board’s approval.

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has merged its Nomination Committee and Remuneration Committee into one Committee naming Nomination and Remuneration Committee ("NRC") on 25 May 2023.</p> <p>The NRC has undertaken the following during the financial year ended 31 December 2023:</p> <ul style="list-style-type: none">(i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and made an appropriate recommendation to the Board;(ii) Reviewed and assessed the independence of INED(iii) Reviewed and recommended the retirement and re-election of Directors for shareholders' approval at the Annual General Meeting in accordance with the Company's Constitution;(iv) Reviewed and recommended the payment of Directors' fees and other benefits payable to Directors;(v) Reviewed and recommended the payment of bonuses to the Executive Directors and Group Managing Director;(vi) Reviewed and recommended the revision of the remuneration of the Executive Directors and Group Managing Director;(vii) Reviewed and recommended the appointment of Ms Oon Seow Ling and Ms Shahjanaz Binti Datuk Kamaruddin as Independent Non-Executive Director and member of the AC and NRC of the Company;(viii) Reviewed and recommended the restructuring of the composition of AC and NRC; and(ix) Reviewed and recommended any modification and/or amendment to the terms of reference of the NRC.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 5.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors consists of seven (7) members comprising:</p> <ul style="list-style-type: none">• One (1) Group Managing Director;• One (1) Executive Director;• Four (4) Independent Non-Executive Directors; and• One (1) Non-Independent Non-Executive Directors. <p>The Company had complied with the requirement of Rule 15.02 of the Listing Requirements of Bursa Securities to have at least two (2) Directors or 1/3 of the Board, whichever is higher, must be Independent Directors and also ONE (1) Director of the listed corporation must be woman.</p> <p>The current composition of the Board provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct. The combination of professionals with diverse and varied backgrounds, wealth of experience and expertise in finance and corporate affairs also enables the Board to discharge its responsibilities effectively and efficiently. Profile of the Directors are as set out in the Annual Report 2023.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	Presently, the tenure of all the four (4) Independent Non-Executive Directors does not exceed a cumulative term of nine (9) years as recommended by the Malaysian Code on Corporate Governance 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC is responsible for making recommendations to the Board for the appointment of new Directors. All nomination to the Board shall first be assessed and considered by the NRC. The NRC will take into account, the required mix of skills, experience and the candidates' character, competency, integrity, time commitment and fit and proper criteria, before being recommended to the Board. The NRC also considers, in making its recommendation, candidates for directorship sourced from independent resources and those proposed by the Managing Director (if any) and, within the bounds of practicability, by any other Directors.</p> <p>The Board has adopted the Directors' Fit and Proper Policy in ensuring that the appointment and re-election of the members of the Board are based on identified key criteria, i.e., character, integrity, experience, competence, time availability and commitment, to enable them to discharge their stewardship roles and responsibilities effectively in the best interest of the Group. The abovementioned policy is available on the Company's website at www.hextarindustries.com.</p> <p>The NRC review the shortlisted candidates to assess their suitability before formally considering and recommending them for appointment to the Board and where applicable, to the Board Committees. Based on its recommendation, the Board evaluates and decides on the appointment of the proposed candidate as an additional Director or to replace any Director who resigns or retires from the Board and Board Committees.</p> <p>The NRC and the Board are of the opinion that it is important to recruit and retain the best available talent regardless of cultural background and age to maximise the effectiveness of the Board and Senior Management, taking into account the balance of skills, experience, knowledge, time commitment, independence and the Group's needs and circumstances.</p>

	During the financial year ended 31 December 2023, the composition of the Board with three (3) female Directors out of a total of seven (7) Directors achieved the female gender percentage of at least 42.86% as recommended in the Malaysian Code on Corporate Governance 2021.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The proposed appointment of new member to the Board is based on the recommendation of the Nomination Committee.</p> <p>For the appointment of new Directors, the Nomination Committee considers shortlisted candidates based on their profiles, professional achievements, and personality assessments. Appropriate candidates are sourced through recommendations as well as external search networks such as Institute of Corporate Directors Malaysia based on the needs of the Board. The Nomination Committee then interviews the shortlisted candidates to ensure that they are suitable and of sufficient calibre for recommendation to the Board for approval.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>The profiles of Directors are published in the Annual Report 2023 which include their age, gender, directorships in other companies, working experience and any conflict of interest as well as their shareholdings in the Company, if any.</p> <p>The justification to re-elect the retiring Directors to stand for re-election has been included in the notes accompanying the Company's Notice of 12th Annual General Meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	Dato Sri Chee Hong Leong, the Chairman of Nomination and Remuneration Committee is an Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	Currently, there are three (3) female directors out of seven (7) Directors of the Company, representing 42.86% of the total Board members.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	The Board is aware of the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. The Company has formalised a Boardroom Diversity Policy which is published on the Company's website at www.hextarindustries.com . The Board believes that the evaluation of suitability of candidates should be based on the candidates' competency, character, time availability, integrity and experience in meeting the Company's needs. The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre without any specific discrimination as to the age, ethnicity or gender of the candidates concerned.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: After the financial year ended 31 December 2023, an annual evaluation was undertaken to assess the performance and effectiveness of the Board, each Board Committee and each individual Director. The process was internally facilitated and conducted through circulation of evaluation forms, which included self-evaluation and peer evaluation, to the Board members. The duly completed evaluation forms were collated and the results were tabled to the NRC. Based on the results, the NRC was satisfied that the Board and Board Committees are effective as a whole, considering the required mix of skills, size and composition, experience, core competencies and other qualities. The NRC was also satisfied that each of its Directors is fit and proper and has the character, experience, integrity, competence and time to effectively discharge their respective role. The results and the findings from the NRC were reported to the Board.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

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

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board believes that the Company has a fair remuneration policy to attract, retain and motivate Directors and Senior Management. The remuneration policy of the Board provides that all Executive Directors and Senior Management are remunerated based on the individual's performances and that of the Group, market conditions and their responsibilities, whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience, level of responsibilities assumed in the Board Committees, their attendance and/or special skills and expertise they bring to the Board.</p> <p>The NRC is tasked for the responsibility to review and ensure that the remuneration of Directors and Senior Management fairly reflect their responsibilities, the expertise required by the Company and the complexity of its operations. The said remuneration should also be in line with the business strategy and long term objectives of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the AGM based on recommendations of the Board.</p> <p>The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organizations, adjusted for the experience and levels of responsibilities undertaken by that particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate</p>

	<p>annual Directors' fees and other benefits payable are to be approved by shareholders at the AGM based on recommendations of the Board.</p> <p>The Board has in place a Remuneration Policy to determine the remuneration of its Director and Senior Management. The details are as set out in the said policy and are available on the Company's website at www.hextarindustries.com.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has set up a NRC which comprises exclusively Independent Non-Executive Directors in order to assist the Board for determining the Director's remuneration.</p> <p>The NRC meets when required and is entrusted, among others, to establish a formal and transparent procedure for developing executive remuneration, fixing and examining the remuneration packages and other benefits of the Executive Director and senior management. The contribution, responsibilities and performance of each Executive Director and senior management is taken into account when determining their respective remuneration packages.</p> <p>Non-Executive Directors' fees are determined by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his fee.</p> <p>The terms of reference of the NRC is made available to public at the Company's website www.hextarindustries.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	The detailed disclosure on named basis for the remuneration of individual directors are set out in the table 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	Dato' Chan Choun Sien	Independent Director	54	3.5	-	-	-	-	57.5	54	3.5	-	-	-	-	57.5
2	Ang Sui Aik	Executive Director	-	3.5	-	-	-	-	3.5	-	3.5	576	516	4	44.4	1,143.9
3	Sham Weng Kong	Executive Director	-	3.5	-	-	-	-	3.5	-	15.5	504	444	-	114.9	1,078.4
4	Ong Tzu Chuen	Non-Executive Non-Independent Director	42	3.5	-	-	-	-	45.5	42	3.5	-	-	-	-	45.5
5	Dato Sri Chee Hong Leong	Independent Director	42	3.5	-	-	-	-	45.5	42	3.5	-	-	-	-	45.5
6	Oon Seow Ling (Appointed w.e.f 1 July 2023)	Independent Director	24	1	-	-	-	-	25	24	1	-	-	-	-	25
7	Sim Yee Fuan (Resigned w.e.f 30 June 2023)	Independent Director	18	2.5	-	-	-	-	20.5	18	2.5	-	-	-	-	20.5
8	Shahjanaz Binti Datuk Kamaruddin (Appointed w.e.f 1 March 2024)	Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Intended Outcome

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

Practice 8.2

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

Application	:	Applied – the company discloses the remuneration of members senior management who are not members of the board
Explanation on application of the practice	:	The Company had disclosed the top five senior management's remuneration component in band width of RM50,000 on named basis. The remuneration paid to the top five senior management was funded by the Group. Mr Ke Tung Chen's remuneration was only for December 2023, as he joined the Group in December 2023.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Martin Lee	Chief Executive Officer	250,001-300,000	-	0-50,000	0-50,000	0-50,000	300,001-350,000
2	Lee Kok Ping	Chief Financial Controller	200,001-250,000	0-50,000	50,001-100,000	-	0-50,000	300,001-350,000
3	Leong Hin Kieat	Managing Director	450,001-500,000	-	400,001-450,000	0-50,000	100,001-150,000	1,050,001-1,100,000
4	Wong Kin Seng	Managing Director	300,001-350,000	50,001-100,000	50,001-100,000	-	50,001-100,000	550,001-600,000
5	Ke Tung Chen	Managing Director	0-50,000	-	-	-	0-50,000	0-50,000

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The Board of Directors has established an Audit Committee which is chaired by the Independent Non-Executive Director, Ms Oon Seow Ling. Meanwhile, the Chairman of the Board is Dato' Chan Choun Sien.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>The AC has adopted a policy that requires a former audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC and the said policy has been incorporated in the Terms of Reference of the AC. Currently, none of the members of the AC are former audit partners of the Company.</p> <p>The Terms of Reference of the AC is available at the Company's website at www.hextarindustries.com.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>The AC has established a transparent and appropriate relationship with the Company's External Auditors. The Auditors will highlight to the AC and the Board on matters that require the Board's attention.</p> <p>The AC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The AC has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the AC prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the AC.</p> <p>To assess or determine the suitability and independence of the External Auditors, the AC has taken into consideration of the following:</p> <ul style="list-style-type: none">(i) the adequacy of the experience, competence and resources of the External Auditors;(ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;(iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and(iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors. <p>Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the Annual General Meeting ("AGM") on the recommendation of the Board. The External Auditors are being invited to attend the AGM of the Company to respond and reply to the shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.</p> <p>The AC is satisfied with the competence and independence of the External Auditors for the financial year ended 31 December 2023.</p>

	Having regard to this, the Board approved the AC's recommendation for the shareholders' approval to be sought at the AGM on the reappointment of Messrs Ecovis Malaysia PLT as the External Auditors of the Company for the financial year ending 31 December 2024.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted												
Explanation on adoption of the practice	:	<p>The Audit Committee ("AC") comprises three (3) members, all of whom are Independent Non-Executive Directors, as follows:</p> <table border="1"><thead><tr><th>Name</th><th>Designation in AC</th><th>Directorship</th></tr></thead><tbody><tr><td>Oon Seow Ling (appointed w.e.f 01.07.2023)</td><td>Chairperson</td><td>Independent Non-Executive Director</td></tr><tr><td>Shahjanaz Binti Datuk Kamaruddin (appointed w.e.f 01.03.2024)</td><td>Member</td><td>Independent Non-Executive Director</td></tr><tr><td>Dato Sri Chee Hong Leong</td><td>Member</td><td>Independent Non-Executive Director</td></tr></tbody></table>	Name	Designation in AC	Directorship	Oon Seow Ling (appointed w.e.f 01.07.2023)	Chairperson	Independent Non-Executive Director	Shahjanaz Binti Datuk Kamaruddin (appointed w.e.f 01.03.2024)	Member	Independent Non-Executive Director	Dato Sri Chee Hong Leong	Member	Independent Non-Executive Director
Name	Designation in AC	Directorship												
Oon Seow Ling (appointed w.e.f 01.07.2023)	Chairperson	Independent Non-Executive Director												
Shahjanaz Binti Datuk Kamaruddin (appointed w.e.f 01.03.2024)	Member	Independent Non-Executive Director												
Dato Sri Chee Hong Leong	Member	Independent Non-Executive Director												

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>The members of the AC have the relevant experience and expertise in finance and accounting and have carried out their duties in accordance with the Terms of Reference of the AC. The qualification and experience of the individual AC members are disclosed in the Directors' Profile in the Annual Report.</p> <p>All members of AC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required to enable them to effectively discharge their duties.</p> <p>A summary of training programmes, conferences and seminars attended by AC members during the financial year ended 31 December 2023 is set out in the Corporate Governance Overview Statement of the Annual Report 2023.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied												
Explanation on application of the practice	:	<p>The Board recognises the importance of sound internal controls which encompass risk management practices as well as financial, operational and compliance controls on a quarterly basis. In this respect, the Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems.</p> <p>The details of the Group's systems of risk management and internal control are reported in the Audit Committee Report and Statement on Risk Management and Internal Control set out in the Annual Report 2023.</p> <p>Another initiative done by the Company in monitoring effective risk management and internal control within the Company, the Board has set up a Risk Management Committee ("RMC") comprises three (3) members as follows:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Designation in RMC</th> <th>Directorship</th> </tr> </thead> <tbody> <tr> <td>Dato Sri Chee Hong Leong</td> <td>Chairman</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Dato' Chan Choun Sien</td> <td>Member</td> <td>Independent Non-Executive Chairman</td> </tr> <tr> <td>Sham Weng Kong</td> <td>Member</td> <td>Executive Director</td> </tr> </tbody> </table>	Name	Designation in RMC	Directorship	Dato Sri Chee Hong Leong	Chairman	Independent Non-Executive Director	Dato' Chan Choun Sien	Member	Independent Non-Executive Chairman	Sham Weng Kong	Member	Executive Director
Name	Designation in RMC	Directorship												
Dato Sri Chee Hong Leong	Chairman	Independent Non-Executive Director												
Dato' Chan Choun Sien	Member	Independent Non-Executive Chairman												
Sham Weng Kong	Member	Executive Director												
Explanation for departure	:													
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>														
Measure	:													
Timeframe	:													

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The details of the Group's risk management and internal control framework is elaborated in the Statement on Risk Management and Internal Control of the Annual Report 2023, which has been reviewed by the External Auditors.</p> <p>The Board recognises that it is ultimately responsible for Hextar's good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and effectiveness to ensure shareholder's interest and the Group assets are safeguard. In addition, the Board has also received assurance from the Managing Director ("MD"), Executive Director ("ED") and Senior Management that the Group's risk management and internal control not only covers the financial aspects of the Group, but operational and compliance aspects of the Group system are operating adequately and effectively.</p> <p>Due to inherent limitations in any risk management and internal control system, such system is designed to manage the risk that may impede the achievement of the Group's business objectives rather than eliminate these risks. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against fraud, material misstatement, losses or errors.</p> <p>The Board through its RMC has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements. The process is reviewed by the Board and the RMC on a periodic basis.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted		
Explanation on adoption of the practice	:	The Board has set up a Risk Management Committee comprises three (3) members as follows:-		
		Name	Designation in RMC	Directorship
		Dato Sri Chee Hong Leong	Chairman	Independent Non-Executive Director
		Dato' Chan Choun Sien	Member	Independent Non-Executive Chairman
		Sham Weng Kong	Member	Executive Director

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board always places significant emphasis and sound internal controls which are necessary to safeguard the Group's assets and shareholders' investment.</p> <p>The Board has outsourced the internal audit ("IA") function to an independent assurance provider, namely ECO Asia Governance Advisory Sdn. Bhd. to provide an independent appraisal over the system of internal control of the Group and reports directly to the Audit Committee ("AC").</p> <p>The Board has also engaged Baker Tilly Monteiro Heng Governance Sdn. Bhd. to review the Sustainability Reporting Process of the Group and reports directly to the Audit Committee ("AC").</p> <p>The responsibilities of the Internal Auditors include providing independent and objective reports on the state of internal controls and the significant operating units in the Group to the AC, with recommendations for improvement to the control procedures, so that remedial actions can be taken in relation to weaknesses noted in the systems.</p> <p>The Internal Auditors are also required to perform periodic testing of the internal control systems to ensure that the system is robust.</p> <p>During the financial year ended 31 December 2023, the internal auditors have conducted review on the Group in accordance to the IA Plans, which have been approved by the AC. Details of the IA function are set out in the AC report in the Annual Report 2023.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has outsourced the Internal Audit Function to ECO Asia Governance Advisory Sdn Bhd., headed by Mr Woon Soon Fai, Fellow Members of the Association of Chartered Certified Accountants (FCCA) and Associate Member of the Institute of Internal Auditors Malaysia ("IIA"). He was assisted by one Internal Auditor professional staff in the Internal Audit Function during financial year ended 31 December 2023.</p> <p>The Company has also engaged Baker Tilly Monteiro Heng Governance Sdn. Bhd. to review the Sustainability Reporting Process. The engagement led by Ms Heng Cheng Zin, a Certified Practising Accountant Australia (CPA) and a member of Institute of Internal Auditor (IIA). She was assisted by four professional staff in the Internal Audit Function during the financial year ended 31 December 2023.</p> <p>The Internal Audit function is independent of the activities it audits and carries out its work in accordance with the International Professional Practices Framework of the Institute of Internal Auditors, enshrined in the Internal Audit Charter to confirm the Internal Audit's independence and has sufficient resources to carry out these duties.</p> <p>The engaging partner and team are free from any relationships or conflict of interests with the Company, to ensure the Internal Auditors' objectivity and independence are not impaired.</p> <p>The information on the Internal Audit function is available in the Statement on Risk Management and Internal Control in the Annual Report 2023.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that information is the lifeblood of capital market and effective communication between the Group and its stakeholders is imperative for informed decision-making. The Group also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders and other stakeholders. Whilst the Group endeavours to provide as much information as possible to its stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.</p> <p>The communication channels used in the Company's engagement with its stakeholders include:</p> <ul style="list-style-type: none">a) The Company's website;b) Announcements via Bursa Link;c) Annual Reports;d) General Meetings; ande) Investors and analyst.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	The notice for the 11 th Annual General Meeting was issued with a period more than twenty-eight (28) days in advance to enable shareholders to make adequate preparation.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>All the Directors shall endeavour to present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company at the Annual General Meeting.</p> <p>The present of all Directors presented opportunities for the shareholders to engage with each Director and also allowed the shareholders to raise questions and concerns directly to the Directors.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders’ participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has conducted its 11th AGM on a virtual basis through live streaming and online remote voting.</p> <p>Live streaming from the broadcast venue was leveraged to facilitate remote shareholder participation and online electronic poll voting.</p> <p>Shareholders were encouraged to participate, vote and voice their perspectives in the form of real time text submissions and vote remotely at the AGM.</p> <p>Shareholders were encouraged to submit their questions in the query box in order to transmit their questions online.</p> <p>The Company’s responses to those questions were addressed by the Chairman during a designated Question-and-Answer session. Response to questions received post meeting has been emailed to the relevant shareholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: All the Directors and the members of the Key Senior Management of the Company were present at the Eleventh (11 th) Annual General Meeting ("AGM") to provide responses to the questions posed by shareholders. Sufficient time and opportunity were made available for shareholders to pose questions during the 11 th AGM. Mr. Ang Sui Aik, Benny, the Group Managing Director of the Company read out the shareholders' questions and provided the responses to the relevant questions. Those questions which were not responded during the 11 th AGM were responded to by the Company via e-mail after the 11 th AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

Application	:	Applied
Explanation on application of the practice	:	<p>Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) was engaged to provide the audio and visual support services to broadcast the proceedings of the Eleventh (11th) Annual General Meeting (“AGM”) virtually. It was live streamed for access via TIIH Online website at https://tiih.online.</p> <p>1) The Poll Administrator, Tricor had verified the eligibility of shareholders/corporate representatives/proxies to attend the 11th AGM based on the General Meeting Record of Depositors as at 18 May 2023 and upon the cut-off date and time for proxy form submission. This online platform was secured exclusively for the members with approved registration for the Remote Participation and Voting (“RPV”) at the 11th AGM.</p> <p>2) Tricor had introduced an application, namely Moderator Link, as part of its new services to assist the user in tracking the questions posed by the shareholders during 11th AGM, to facilitate the listed issuer’s compliance with the SC’s Guidance. Questions posed by shareholders via TIIH Online website had been captured and transmitted to the Company for action and response, prior to and during the 11th AGM.</p> <p>With the use of Moderator LINK, Mr. Ang Sui Aik, Benny, the Group Managing Director of the Company had managed the Q&A session smoothly and efficiently.</p> <p>3) The Q&A session of about 30 minutes served as an interaction between the Directors, Management and shareholders during the virtual meeting. Whilst the members were in attendance in the proceedings of the 11th AGM, he/she via the RPV facility to cast his/her votes.</p>

	<p>This is in line with the SC's Guidance which provides that Members shall be allowed to cast their votes remotely and contemporaneously (live) during the proceeding of the general meeting.</p> <p>4) The poll results were verified by the Independent Scrutineers, Scrutineer Solutions Sdn Bhd. The poll results of each Resolution and each of them was displayed to members, corporate representatives and proxies present as the Chairman declared that the resolutions were duly passed.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	The minutes of the Eleventh (11 th) Annual General Meeting (“AGM”) was circulated to the shareholders via the Company’s website within 30 business days after the 11 th AGM.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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