

# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 0193  
**COMPANY NAME** : KEJURUTERAAN ASASTERA BERHAD  
**FINANCIAL YEAR** : December 31, 2021

## **OUTLINE:**

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

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| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <p>The Board of Directors ("<b>Board</b>") is responsible for strategic planning, oversight and overall management of the Company. To ensure the Board members are aware of their duties and responsibilities, the Board had established a governance model via the Board Charter which sets out the roles, composition and responsibilities of the Board and Board Committees.</p> <p>The Board is assisted by various Board Committees, namely Nominating Committee, Remuneration Committee, Audit Committee and Risk Management Committee which operate within their Terms of Reference.</p> <p>The key responsibilities of the Board are as follows:</p> <p><b>i. Reviewing and adopting a strategic plan for the Group</b></p> <p>The Board provides direction and has in place a strategy planning process, where management presents its recommended strategy and business plans to the Board for review and approval before implementation. During the financial year ended 31 December 2021 ("<b>FY2021</b>"), the Group continued to focus on improving market growth and strengthening KAB's financial position. The Group views the venture into mechanical engineering projects as promising and wishes to increase its involvement in mechanical engineering projects. The Group will continue to seek and secure new business opportunities and to expand its existing business in electrical and mechanical engineering services.</p> <p><b>ii. Overseeing the conduct of the Group's business</b></p> <p>The Managing Director and the Executive Directors are responsible to oversee the daily management of the Group's business and operations. The Managing Director and the</p> |

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|  | <p>Executive Directors are assisted by various divisional heads in monitoring daily activities and further supported by the management and other committees established within the Group's management framework. The management's performance is monitored and assessed by the Board through management reports which are tabled to the Board on a periodic basis. These reports include a brief summary of business operations and comprehensive financial performance. The Board is also kept informed of key strategic initiatives and operational issues within the Group.</p> <p><b>iii. Identifying principal business risks and ensuring the implementation of appropriate systems to manage risks</b></p> <p>The Risk Management Committee ("RMC") would oversee the Enterprise Risk Management of the Group, with the assistance of internal audit function. In managing the risk, the RMC would determine and put in place a robust process for identifying, reporting, managing and monitoring potential high risk faced by the Group, apart from reviewing the risk management policies. RMC would also make feasible recommendation to the Board for establishing adequate and appropriate controls over the organisation, as well as advise the management in executing the appropriate action plan.</p> <p><b>iv. Succession planning</b></p> <p>The Board, with the assistance of the Nominating Committee ("NC"), ensures that an appropriate framework and plan for succession within the Group are in place.</p> <p>During the FY2021, Mr. Yoong Kah Yin has resigned as Chairman of the Board on 15 April 2021. The Board, supported by the NC, has identified and appointed Datuk Dr. Ong Peng Su with effect from 15 April 2021, ensuring there was no gap in the Board Chairman's position.</p> <p>The Board has also entrusted the Managing Director with the responsibility to review candidates, compensation packages and oversee development for key senior management personnel.</p> <p><b>v. Overseeing the development and implementation of a shareholder communication policy for the Company</b></p> <p>The Company believes in, and emphasises, the importance of communication among shareholders, stakeholders and the Company. The objective of such communication proves to forge a quality public performance and increases awareness and confidence of interested parties towards the Company. The Board endeavours to ensure that pertinent information such as annual</p> |
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|  | <p>reports, quarterly reports, and announcements are released on a timely basis via:</p> <ul style="list-style-type: none"> <li>• Bursa Securities' website</li> <li>• KAB's website</li> <li>• General Meetings</li> </ul> <p><b>vi. Reviewing the adequacy and integrity of management information and internal controls system of the Group</b></p> <p>The Board is ultimately responsible for the adequacy and integrity of the Group's internal control system. The Board ensures that there is a sound framework of reporting on internal controls and regulatory compliance. The internal audit function has been outsourced to an independent consulting firm and the Audit Committee regularly reviews and scrutinises the audit reports. Details relating to the internal control system and review of effectiveness are available in the Statement on Risk Management and Internal Control as set out in this Annual Report. The Board meets at least every quarter and more frequently as and when business or operational needs arise. There are established procedures on the agenda, content and presentation of reports for each meeting so that all pertinent information is included. All Board members are supplied with information on a timely manner. Board papers are circulated in advance prior to Board meetings and the reports provide, amongst others, financial and corporate information, significant financial and corporate issues, the Group's performance and any management proposals which required the approval of the Board.</p> |  |
| <b>Explanation for departure</b>   | :   |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | :   |  |
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**Intended Outcome**

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

**Practice 1.2**

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

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| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <p>The Chairman, Datuk Dr. Ong Peng Su, an Independent Non-Executive Chairman leads the Board in its collective oversight of management, is responsible for the effective overall functioning of the Board.</p> <p>In fulfilling this role, the Chairman with the assistance of the Managing Director and Executive Directors during the financial year 2021 ("FY2021"):-</p> <ul style="list-style-type: none"><li>• Manages the interface between Board and management and provides support and guidance to senior management officers to help facilitate management succession planning.</li><li>• Grooms and mentors senior management officers to consistently achieve high levels of professionalism and excellent performance.</li><li>• Provides leadership to the Board and is responsible for the developmental needs of the Board.</li><li>• Ensures that appropriate procedures are in place to govern the Board's operation.</li><li>• Leads the Board in establishing and monitoring good corporate governance practices in the Company.</li><li>• Ensures a smooth functioning of the Board and the governance structure, and inculcating positive culture in the Board.</li><li>• Ensures that procedures and processes are in place to facilitate effective conduct of business by the Board.</li><li>• Chairs Board meetings and encourages active participation and healthy discussion to ensure that dissenting views can be freely expressed and discussed.</li><li>• Ensures that decisions are taken on a sound and well-informed basis, including the assurance of considerations made to the substantial strategic and critical issues by the Board, and that Directors receive the relevant information on a timely basis.</li><li>• Chairs General meetings of the Company and provides clarification on issues that may be raised by the shareholders.</li><li>• Ensures that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.</li></ul> |
| <b>Explanation for departure</b>                  | : |   |

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

**Intended Outcome**

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

**Practice 1.3**

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

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| Application   | : | Applied  |  |
| Explanation on application of the practice  | : | <p>The position of Chairman and Managing Director are held by two (2) different individuals who are Datuk Dr. Ong Peng Su, the Independent Non-Executive Chairman and Dato’ Lai Keng Onn, the Managing Director respectively.</p> <p>The Chairman is responsible for the achievement of the Group’s strategic vision and leading the Board in its collective oversight of Management, while the Managing Director focuses on the business and day-to-day management of the Group and the implementation of the Board’s decision.</p> <p>The respective role and responsibilities of the Chairman and Managing Director are governed in the Company’s Board Charter. The Board Charter is available at the Company’s website at <a href="http://www.asastera.com">www.asastera.com</a>.</p> |  |
| Explanation for departure   | : |  |  |
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| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. |   |  |  |
| Measure   | : |  |  |
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### Intended Outcome

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

### Practice 1.4

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

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| <i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i> |   |   |
| <b>Application</b>   | : | Departure   |
| <b>Explanation on application of the practice</b>  | : |   |
| <b>Explanation for departure</b>   | : | <p>The Independent Non-Executive Chairman, Datuk Dr. Ong Peng Su, is a member of the Audit Committee.</p> <p>Datuk Dr. Ong Peng Su does not involve in the Company's managerial and operation matters. He is able to provide independent suggestions, ideas and comments to the Audit Committee during the Audit Committee Meeting.</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>   | : |   |
| <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.

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| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>The Board is supported by two (2) suitably qualified and competent Company Secretaries as follows:-</p> <ul style="list-style-type: none"><li>• Ms. Chua Siew Chuan, FCIS</li><li>• Mr. Cheng Chia Ping, ACIS</li></ul> <p>Both the Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators ("<b>MAICSA</b>") and are qualified to act as Company Secretaries under Section 235(2)(a) of the Companies Act 2016.</p> <p>The brief profile of the Company Secretaries are as follows:-</p> <p>(i) Ms. Chua Siew Chuan, FCIS ("<b>Ms. Chua</b>")</p> <p>Ms. Chua has been elected as a Fellow Member of the MAICSA since 1997. She has more than 37 years of experience in handling corporate secretarial matters, with working knowledge of many industries and government services. She is the Immediate Past President of MAICSA and currently is the Chairperson of the Technical &amp; Professional Practice Committee, Deputy Chairperson of the National Disciplinary Tribunal and Membership Committee and member of several Committees of MAICSA.</p> <p>Ms. Chua is a Chartered Secretary by profession. She is the Managing Director of Securities Services (Holdings) Sdn. Bhd., a prominent corporate secretarial service provider in Malaysia. Ms. Chua is also the named company secretary for a number of public listed companies, public companies, private limited companies and societies.</p> <p>(ii) Mr. Cheng Chia Ping, ACIS ("<b>Mr. Jason</b>")</p> <p>Mr. Jason has been elected as an Associate Member of the MAICSA since 2012. He has more than 13 years of experience in handling corporate secretarial matters, with working knowledge of many industries and non-profit organisations.</p> |

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|                           | <p>Mr. Jason is a Chartered Secretary by profession. He is a Manager (Corporate Secretarial) of Securities Services (Holdings) Sdn. Bhd., a prominent corporate secretarial service provider in Malaysia. He also is the named company secretary for a number of public listed companies, public companies, private limited companies and societies.</p> <p>For FY2021, the Company Secretaries had attended the relevant continuous professional development programmes as required by MAICSA for practicing company secretaries. Both the Company Secretaries possessed a valid Practising Certificate issued by MAICSA and Companies Commission of Malaysia for FY2021.</p> <p>All Directors have unrestricted access to the advice and support of the company secretaries in relation to Board policies and procedures, compliance of applicable rules and regulations by the Group and corporate governance related practices.</p> <p>Below is a summary of the relevant activities in FY2021 carried out by the Company Secretaries of the Company:</p> <ul style="list-style-type: none"> <li>(a) Advised the Directors on their roles and responsibilities and provided regular updates on new statutory and regulatory requirements relating to the discharge of the Directors' duties and responsibilities;</li> <li>(b) Ensured that the Board and the Board Committees function effectively;</li> <li>(c) Monitored the developments in corporate governance and facilitated the Board's application of the best practices of Malaysian Code on Corporate Governance ("MCCG");</li> <li>(d) Attended all Board and Board Committees meetings and facilitated board communications;</li> <li>(e) Ensured that the deliberations and decisions made by the Board and Board Committees are accurately minuted, and the records of the proceedings of the Board and Board Committees meetings are properly kept;</li> <li>(f) Recorded the Directors' interests disclosures and advised interested Directors on the requirements of restrictions in voting or deliberation on related matters during the meetings;</li> <li>(g) Facilitated and attended Engagement with the Regulators; and</li> <li>(h) Managed processes of the annual shareholder meetings.</li> </ul> <p>For the FY2021, the Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.</p> |
| Explanation for departure | :  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

**Practice 1.6**

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated in advance of each financial year. The calendar provides Directors with scheduled dates for meetings of the Board and Board Committees Meeting as well as the Annual General Meeting.</p> <p>The meeting agenda was set by the Chairman with the assistance of the Company Secretaries and management. The Notices of meetings are sent to the Directors via email at least seven (7) days prior to a meeting. Relevant Board papers were disseminated to all Directors at least seven (7) days prior to the Board meeting so as to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or the Company, or to consult independent advisers, if they deemed necessary.</p> <p>Minutes of Board /Board Committees Meetings are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board Meeting. The signed minutes are kept properly in the minutes books at the registered office of the Company to be make available for inspection under the Companies Act 2016.</p> |
| <b>Explanation for departure</b>   | : |   |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
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**Intended Outcome**

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

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

**Practice 2.1**

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

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

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Company's Board Charter clearly identifies the respective roles and responsibilities of the board, board committees and individual directors including Independent Non-Executive Chairman and Managing Director. It also clearly identifies the issues and decisions reserved for the board.</p> <p>The Board would regularly review this charter and the charters of Board Committees to maintain high consistency with the Board's objectives, responsibilities, and relevant standards of corporate governance. The Board Charter was last updated on 1 June 2020 to align with Malaysian Anti-Corruption Act 2009 (amended 2018).</p> <p>The Board Charter is published on the Company's website at <a href="http://www.asastera.com">www.asastera.com</a>.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

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

**Practice 3.1**

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

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Code of Conduct and Ethics for Directors includes the following principles:-</p> <ul style="list-style-type: none"> <li>• Compliance with Legal and Regulatory Requirements, and the Company's Policies</li> <li>• Observance of Board Charter</li> <li>• Duty to Act in the Best Interest of the Group</li> <li>• Competence</li> <li>• Integrity</li> <li>• Objectivity</li> <li>• Confidentiality</li> <li>• Fairness</li> </ul> <p>The Code of Conduct and Ethics for Directors is published on the Company's website at <a href="http://www.asastera.com">www.asastera.com</a>.</p> |
| <b>Explanation for departure</b>   | : |   |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |
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**Intended Outcome**

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

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

**Practice 3.2**

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Ethics and Compliance Whistleblowing Policy and Procedures, provides an avenue for raising concerns related to possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, in an appropriate manner and without fear of retaliation.</p> <p>The Ethics and Compliance Whistleblowing Policy and Procedures provides contact details of the Audit Committee Chairman, as the avenue for stakeholders to raise the above concerns.</p> <p>The Ethics and Compliance Whistleblowing Policy and Procedures is published on the Company's website at <a href="http://www.asastera.com">www.asastera.com</a>.</p> <p>The Board will review the Ethics and Compliance Whistleblowing Policy and Procedures from time to time, as and when necessary, to accommodate change in business environment, administrative operational needs within the Group and ensure compliance with the legislations.</p> |
| <b>Explanation for departure</b>   | : |   |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
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**Intended Outcome**

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

**Practice 4.1**

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

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

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

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Board has appointed and worked with the Sustainability Committee for the governance of sustainability. The Sustainability Committee has engaged with external assistance to increase the Company's governance competencies in terms of sustainability, and also develop internal frameworks that related to economic, environmental and social dimensions such as policies and processes. Global standards and frameworks such as GRI and TCFD are used for the development and implementation of company strategies, business plans, and major plans of action and risk management. Materiality analysis and strategic management of material sustainability matters are driven by senior management based on the said global standards and frameworks. |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |



**Intended Outcome**

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

**Practice 4.2**

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

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Board and Sustainability Committee along with the boundaries have performed stakeholder identification and stakeholder engagements within the year. Stakeholder groups are prioritised so that their feedback can be used for sustainability management and also materiality assessment. Further key stakeholders such as employees and customers are communicated with the company's priorities and targets in the sustainability aspects, renewal energy aspects and to have net-zero aspirations. |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
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**Intended Outcome**

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

**Practice 4.3**

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

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The Board has undergone several training and education activities, along with external consultations, to stay abreast with and understand the relevant sustainability issues including climate-related risks. Climate related risks and opportunities are assessed using TCFD as the basis. |  |
| <b>Explanation for departure</b>   | : |   |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
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**Intended Outcome**

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

**Practice 4.4**

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

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The Company is further developing its sustainability performance targets (SPTs) after establishing several additional base parameters. Current sustainability performance targets and achievements are already reported in the company's sustainability report. The performance evaluation is done on the Sustainability Committee to work towards targets and aspirations such as being in FTSE4 Good Index. |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

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| <b>Application</b>                             | : | Adopted  |
| <b>Explanation on adoption of the practice</b> | : | The head of the Sustainability Team manages the committee which consists of members across the different business units and support units that have financial, project management, engineering, energy, contracting, occupational health and safety expertise. |

**Intended Outcome**

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

**Practice 5.1**

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Nominating Committee continue to discharge their functions, review and consider refresh the composition of the Board periodically and to review the tenure of each Director and recommend Directors who are retiring by rotation for re-election which clearly stated in the Terms of Reference of Nominating Committee.</p> <p>Nominating Committee annually reviews the performance of all directors including those seeking re-election based on competency, preparedness and independence (for independent directors). Only those with satisfactory evaluation are recommended to the Board for re-election.</p> |
| <b>Explanation for departure</b>   | : |   |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
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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.

| <b>Application</b>                                | :                  | Departure   |             |                    |                       |      |                   |      |                   |      |                    |    |                      |    |                      |    |                  |    |
|---|--------------------|---|-------------|--------------------|-----------------------|------|-------------------|------|-------------------|------|--------------------|----|----------------------|----|----------------------|----|------------------|----|
| <b>Explanation on application of the practice</b> | :                  |   |             |                    |                       |      |                   |      |                   |      |                    |    |                      |    |                      |    |                  |    |
| <b>Explanation for departure</b>                  | :                  | <p>The Board currently comprises one (1) Independent Non-Executive Chairman ("<b>INEC</b>"), (2) Independent Non-Executive Directors ("<b>INED</b>"), one (1) Managing Director ("<b>MD</b>"), and three (3) Executive Directors ("<b>ED</b>"), as listed below:-</p> <table><tr><th><b>Name</b></th><th><b>Directorate</b></th></tr><tr><td>Datuk Dr. Ong Peng Su</td><td>INEC</td></tr><tr><td>Mr. Lu Chee Leong</td><td>INED</td></tr><tr><td>Ms. Tong Siut Moi</td><td>INED</td></tr><tr><td>Dato’ Lai Keng Onn</td><td>MD</td></tr><tr><td>Mr. Choong Gaik Seng</td><td>ED</td></tr><tr><td>Datin Chan Pey Kheng</td><td>ED</td></tr><tr><td>Mr. Goh Kok Boon</td><td>ED</td></tr></table> <p>The Board is cognisance that the current composition does not align with the desired practice by underlining that independent directors are expected to account for at least half of the board. However, the Board exceeds the minimum of 1/3, as stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>Each independent director has affirmed their independency and brings invaluable judgement to deliberation on issues of strategy, performance, allocation of resources, risk management, internal controls and standards of conduct. The minority shareholders are well represented by the presence of the existing INED on the Board who have shown that they are individuals with integrity and are highly capable and competent to carry out their duties and responsibilities.</p> | <b>Name</b> | <b>Directorate</b> | Datuk Dr. Ong Peng Su | INEC | Mr. Lu Chee Leong | INED | Ms. Tong Siut Moi | INED | Dato’ Lai Keng Onn | MD | Mr. Choong Gaik Seng | ED | Datin Chan Pey Kheng | ED | Mr. Goh Kok Boon | ED |
| <b>Name</b>                                       | <b>Directorate</b> |   |             |                    |                       |      |                   |      |                   |      |                    |    |                      |    |                      |    |                  |    |
| Datuk Dr. Ong Peng Su                             | INEC               |   |             |                    |                       |      |                   |      |                   |      |                    |    |                      |    |                      |    |                  |    |
| Mr. Lu Chee Leong                                 | INED               |   |             |                    |                       |      |                   |      |                   |      |                    |    |                      |    |                      |    |                  |    |
| Ms. Tong Siut Moi                                 | INED               |   |             |                    |                       |      |                   |      |                   |      |                    |    |                      |    |                      |    |                  |    |
| Dato’ Lai Keng Onn                                | MD                 |   |             |                    |                       |      |                   |      |                   |      |                    |    |                      |    |                      |    |                  |    |
| Mr. Choong Gaik Seng                              | ED                 |   |             |                    |                       |      |                   |      |                   |      |                    |    |                      |    |                      |    |                  |    |
| Datin Chan Pey Kheng                              | ED                 |   |             |                    |                       |      |                   |      |                   |      |                    |    |                      |    |                      |    |                  |    |
| Mr. Goh Kok Boon                                  | ED                 |   |             |                    |                       |      |                   |      |                   |      |                    |    |                      |    |                      |    |                  |    |

|   |   |  |
|---|---|--|
|   | The Board may consider appointing more Independent Directors to the Board when the need arises in the future. |  |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. |   |  |
| Measure   | :   |  |
| Timeframe   | :   |  |

**Intended Outcome**

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

**Practice 5.3**

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   | : | Not applicable - Step Up 5.4 adopted   |  |
| Explanation on application of the practice  | : | <p>The Board is mindful that the tenure of an INED should not exceed a cumulative term of nine (9) years unless it is recommended by the Nominating Committee and the Board is satisfied that the proposed candidate is able to continue to bring independent judgement to the board’s deliberations.</p> <p>At present, none of the INEDs have served more than a cumulative term of nine (9) years. The Board is mindful of the cumulative term of nine (9) years for its INEDs and shall address the issue when the time comes.</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**

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.*

|  |   |             |
|--|---|-------------|
| <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 Board have put in place the necessary selection criteria for the appointment of Directors. Through Board Effectiveness Evaluation, the Directors are assessed annually and the findings are consolidated in a performance report which is analysed and tabled to the Nominating Committee for review and endorsement by the Board.</p> <p>All nominees and candidates to the Board are first considered by the Nominating Committee taking into consideration the mix of skills, competencies, experience, integrity, time commitment and other qualities required to effectively discharge his or her role as a director. The Nominating Committee will then endorse the nominees and candidates for approval by the Board.</p> <p>For senior management appointment, candidates are first considered by the Nominating Committee where focus is on their skills set, competencies, experience, integrity and other qualities, prior to the recommendation for approval by the Board.</p> <p>In respect of workforce diversity, the Company is committed to provide equal employment opportunities and particles merit-based promotion regardless of gender. Out of our entire employee workforce, 72% are male while 28% are female.</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.

|   |   |   |  |
|---|---|---|--|
| Application   | : | Departure   |  |
| Explanation on application of the practice  | : |   |  |
| Explanation for departure   | : | <p>Datuk Dr. Ong Peng Su was appointed as Independent Non-Executive Chairman on 15 April 2021.</p> <p>The Company has not utilised any independent sources for the appointment of the abovenamed Director after taking into account of the cost consideration and financial position of the Company.</p> <p>Nevertheless, in searching for suitable and qualified candidates for the Group, a high regard and emphasis is placed on the ability of the candidate, who shall have the relevant skills and knowledge pertaining to the industry.</p> <p>In practice, the identification of candidates for the appointment of Directors is facilitated through the recommendations from the Directors, Management or external parties.</p> <p>The Board takes note on the guidance to utilise independent sources for future appointment of future candidates.</p> |  |
|   |   |   |  |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. |   |   |  |
| Measure   | : |   |  |
| Timeframe   | : |   |  |

## Intended Outcome

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

### Practice 5.7

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

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The performance of retiring Directors who are recommended for re-election at the forthcoming Annual General Meeting (“AGM”) would be assessed through the Board annual evaluation (including the independence of Independent Non-Executive Director). A statement by the Board and Nominating Committee satisfying the performance and effectiveness of the retiring Directors who offer themselves for re-election at the AGM will be stated in the Notice of AGM.</p> <p>The profile of the Directors who are due for retirement and eligible for re-election, which includes the nature of interest with the Company, if any, are set out in the 2021 Annual Report of the Company.</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 Nominating Committee is chaired by Ms. Tong Siut Moi, an Independent Non-Executive Director.</p> <p>The profile of Ms. Tong Siut Moi is set out in the Directors' Profile of the 2021 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**

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

**Practice 5.9**

The board comprises at least 30% women directors.

|   |   |   |  |
|---|---|---|--|
| Application   | : | Applied   |  |
| Explanation on application of the practice  | : | <p>Currently, the Board comprised two (2) female directors out of seven (7) directors, representing 29% of the total Board members.</p> <p>The Board is putting its efforts in getting other suitable female individuals who could meet the objective criteria, merit and with due regard for diversity in skills, experience, age and cultural background to join the Board.</p> <p>The Gender Diversity Policy is published on the Company’s website at <a href="http://www.asastera.com">www.asastera.com</a>.</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**

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  | : | <p>The Board notwithstanding the view that diversity should be in tandem with expertise, experience and skills and not gender alone acknowledges the importance of the establishment of a gender diversity policy. The Board shall appoint woman board representation as and when there is vacancy as well as when suitable and qualified candidates are identified.</p> <p>The Gender Diversity Policy is published on the Company’s website at <a href="http://www.asastera.com">www.asastera.com</a>.</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

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.

*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.*

|   |  |
|---|--|
| <b>Application</b>                                | : Applied  |
| <b>Explanation on application of the practice</b> | <p>The Board has delegated to the Nominating Committee (“NC”) to carry out annual assessment on effectiveness of the Board, its Committees and each individual Director.</p> <p>In FY2021, the Board, through the NC, has conducted the following annual assessments to determine the effectiveness of the Board, its Committees and each individual Director in respect of the FY2021:-</p> <p><b>(a) Directors’ self and peer performance evaluation</b></p> <p>The evaluation forms were circulated to each and every Director for completion. The Directors are required to assess his/ her own performance, as well as the performance of his/her peers based on the questionnaire provided. The evaluation results were compiled by the company secretaries and tabulated at the NC Meeting, for the NC’s review.</p> <p>In conducting the evaluation, the NC had assessed the performance of each individual Director based on the following main criteria:-</p> <ul style="list-style-type: none"><li>• Fit and proper;</li><li>• Contribution and performance; and</li><li>• Caliber and personality.</li></ul> <p>Overall, the NC is satisfied with the performance of the individual Directors for the FY2021.</p> <p><b>(b) Evaluation on the effectiveness of Board its Committees</b></p> <p>The evaluation forms were completed by the members of the NC on individual basis. The evaluation results were compiled by the company secretaries and tabulated at the NC Meeting, for NC’s review.</p> |

|  |   |
|--|---|
|  | <p>In conducting the evaluation, the following main criteria were adopted by the NC:-</p> <ul style="list-style-type: none"> <li>• Board operations;</li> <li>• Board roles and responsibilities; and</li> <li>• Board performance.</li> </ul> <p>Based on the evaluation conducted for the FY2021, the NC was satisfied with the performance of the Board and its Committees.</p> <p><b>(c) Annual assessment of independence of Directors</b></p> <p>The Board noted that Letters of Declaration by Independent Director have been executed by the following Independent Non-Executive Directors of the Company, confirming their independence pursuant to relevant Main Market Listing Requirement (“<b>Main LR</b>”) of Bursa Malaysia Securities Berhad (“<b>Bursa Securities</b>”). They have undertaken to inform the Company immediately if there be any change which could interfere with the exercise of their independent judgement or ability to act in the best interest of the Company:-</p> <ul style="list-style-type: none"> <li>• Datuk Dr. Ong Peng Su;</li> <li>• Mr. Lu Chee Leong; and</li> <li>• Ms. Tong Siut Moi.</li> </ul> <p>Based on the outcome of the abovementioned assessments, the Board is satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interest of the Company.</p> <p>The Board considers that its Independent Directors provide objective and independent views on various issues at the Board and Board Committee level.</p> <p>Save for the Executive Directors, all Non-Executive Directors satisfy the criteria of an Independent Director as defined under Main LR of Bursa Securities, which include being independent of Management, free from any business or relationship which could interfere with the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company, and also being independent of its major shareholder.</p> <p>The Board is of the view that the current composition of Independent Directors fairly reflects the interest of minority shareholders in the Company through the Board representation.</p> <p><b>(d) Re-election/Re-appointment to the Board</b></p> <p><b>(i) Re-election of existing Directors</b></p> |
|--|---|

|  |  |  |
|--|--|--|
|  | <p>All Directors are subject to re-election by shareholders after their first appointment on the forthcoming AGM. The Company's Constitution state that at least one-third (1/3) of the Directors are required to retire from office by rotation annually and subject to re-election at each AGM and all Directors stand for re-election at least once in every 3 years.</p> <p>The NC, as guided by the Directors' Assessment Policy, has undertaken a formal assessment of the Retiring Directors using the abovementioned criteria and was satisfied with the performance of the Retiring Directors.</p> <p>The following Directors shall retire at the forthcoming 25<sup>th</sup> Annual General Meeting ("AGM") pursuant to Clause 76(3) of the Constitution of the Company:-</p> <ul style="list-style-type: none"><li>• Mr. Choong Gaik Seng; and</li><li>• Mr. Goh Kok Boon.</li></ul> <p><b>(ii) Re-appointment to the Board</b></p> <p>Pursuant to Clause 78 of the Constitution of the Company, any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the conclusion of the next AGM and shall then be eligible for re-election.</p> <p>None of the Directors shall retire at the forthcoming 25<sup>th</sup> AGM pursuant to Clause 78 of the Constitution of the Company.</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.

|   |   |   |  |
|---|---|---|--|
| Application   | : | Applied   |  |
| Explanation on application of the practice  | : | <p>The Company has established a formal and transparent Directors’ and Senior Management Remuneration Policy and Remuneration Policy for Employees.</p> <p>The Board delegates to the Remuneration Committee with the responsibility to consider and approve the remuneration arrangements of the Directors and senior management in the Company.</p> <p>The remuneration policy is designed to ensure the reward is measurably linked to the achievement of business and individual performances.</p> <p>The Directors’ and Senior Management Remuneration Policy is published on the Company’s website at <a href="http://www.asastera.com">www.asastera.com</a>.</p> |  |
| Explanation for departure   | : |   |  |
|   |   |   |  |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. |   |   |  |
| Measure   | : |   |  |
| Timeframe   | : |   |  |

**Intended Outcome**

The 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 Board has established a Remuneration Committee comprised exclusively of Independent Non-Executive Directors and is chaired by Ms. Tong Siut Moi.</p> <p>The Remuneration Committee is guided by appropriate policies and procedures when reviewing and recommending remuneration of the Board and senior management.</p> <p>The Remuneration Committee reviews annually and recommends matters relating to the remuneration of the Board and senior management to ensure that rewards commensurate with their contributions.</p> <p>The Remuneration Committee ensures that the level of remuneration for Non-Executive Directors and Independent Directors reflects their level of responsibilities undertaken and contributions to the effective functioning of the Board.</p> <p>The Remuneration Committee's Terms of Reference is available on the Company's website at <a href="http://www.asastera.com">www.asastera.com</a>.</p> |
| <b>Explanation for departure</b>   | : |   |
|  |   |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |

|                  |   |  |  |
|------------------|---|--|--|
| <b>Timeframe</b> | : |  |  |
|------------------|---|--|--|

**Intended Outcome**

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

**Practice 8.1**

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

|   |   |   |
|---|---|---|
| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | A detailed disclosure on named basis for the remuneration of each individual director is provided in page 55 of the Company's Annual Report. The remuneration of the individual Director consists of the breakdown in fees, salary, bonus, benefits in-kind and other emoluments. |

| 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  | Datuk Dr. Ong Peng Su | Independent Director | 213,333        | -         | -         | -       | -                | -                | 213,333   | 213,333      | -         | -         | -       | -                | -                | 213,333   |
| 2  | Dato' Lai Keng Onn    | Executive Director   | -              | -         | 1,053,920 | 280,000 | 25,000           | 180,000          | 1,538,920 | -            | -         | 1,053,920 | 280,000 | 25,000           | 180,000          | 1,538,920 |
| 3  | Choong Gaik Seng      | Executive Director   | -              | -         | 315,860   | 75,000  | 3,500            | 35,011           | 429,371   | -            | -         | 315,860   | 75,000  | 3,500            | 35,011           | 429,371   |
| 4  | Datin Chan Pey Kheng  | Executive Director   | -              | -         | 538,680   | 130,000 | -                | -                | 668,680   | -            | -         | 538,680   | 130,000 | -                | -                | 668,680   |
| 5  | Goh Kok Boon          | Executive Director   | -              | -         | 391,280   | 100,000 | 12,500           | 60,000           | 563,780   | -            | -         | 391,280   | 100,000 | 12,500           | 60,000           | 563,780   |
| 6  | Lu Chee Leong         | Independent Director | 78,000         | -         | -         | -       | -                | -                | 78,000    | 78,000       | -         | -         | -       | -                | -                | 78,000    |
| 7  | Tong Siut Moi         | Independent Director | 72,000         | -         | -         | -       | -                | -                | 72,000    | 72,000       | -         | -         | -       | -                | -                | 72,000    |



**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 8.2**

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>   | : | <p>Due to the intense competition, the Company believes that individual disclosure on a named basis for the remuneration of the top five senior management personnel is not in the best interest of the Company.</p> <p>The remuneration packages of the senior management of the Company are justified by acceptable industry benchmarks for the relevant positions with the consideration of expertise and experience. Additional remuneration such as year-end bonuses is based on achievement of individual KPIs.</p> <p>The Board will ensure that the remuneration of Senior Management is fair and commensurate with the performance of the Company and the contribution made by the Senior Management.</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>   | : |  |
| <b>Timeframe</b>   | : |  |

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Chairman of the Audit Committee, Mr. Lu Chee Leong, who is an Independent Non-Executive Director and is not the Chairman of the Board. |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**Intended Outcome**

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>None of the Audit Committee members are former key audit partner.</p> <p>The policy on observation of a cooling-off period of at least three (3) years for a former key audit partner prior to the appointment as a member of Audit Committee, is incorporated in the Terms of Reference of the Audit Committee.</p> <p>The Terms of Reference of the Audit Committee is available for reference on the Company's website at <a href="http://www.asastera.com">www.asastera.com</a>.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

**Intended Outcome**

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 Audit Committee has established procedures to assess the suitability, objectivity and independence of the external auditors. Assessment will be carried out annually on the suitability, objectivity and independence of the external auditors.</p> <p>The Company's independent external auditors fill an essential role for the shareholders by enhancing the reliability of the Company's financial statements and giving assurance of that reliability to users of these financial statements. In the course of their audit of the Group's financial statements, the external auditors would highlight to the Audit Committee matters that require the Board's attention. Audit Committee meetings are attended by the external auditors for purposes of presenting their audit plan and report and elucidating their comments on the audited financial statements. At least twice a year, these meetings are held without the presence of the management of the Company to ensure that the external auditors can freely discuss and express their opinions on any matter to the Audit Committee, whereas the Audit Committee can be sufficiently assured that the management has fully provided all relevant information and responded to all queries from the external auditors.</p> <p>The Audit Committee is satisfied with the external auditors' confirmation of independence and their conduct of the audit in compliance with the Approved Standards of Auditing in Malaysia and International Standards of Auditing and compliance with the ethical requirements in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the Internal Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.</p> <p>Assessment of the External Auditors was undertaken in FY2021.</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 Audit Committee comprises solely of Independent Directors and as such, there is a strong and independent element to provide effective oversight for it to function effectively and exercise objective judgements independently. |

**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>   | : | <p>The members of Audit Committee have the relevant accounting or related experience and expertise in financial service industry to effectively discharge their duties. The qualification and experience of the individual Audit Committee members are disclosed in the Board of Directors' Profile in the Annual Report.</p> <p>All members of the Audit Committee had undertaken continuous professional development. During the year, the Audit Committee members attended the following training:</p> <ul style="list-style-type: none"> <li>(i) Transfer Pricing – What is transfer pricing and its compliance requirements</li> <li>(ii) Technical Update on IFRS (MFRS) 2021</li> <li>(iii) Conduct of Directors and Common Pitfalls and Key Updates 2019 &amp; 2020 Listing Requirements</li> <li>(iv) Transactions &amp; RPT Rules Simplified and Dealings in Listed Securities, Closed Period &amp; Insider Trading</li> <li>(v) ESG Risk Management and Due Diligence</li> <li>(vi) Understanding &amp; Implementing the TCFD Recommendations</li> <li>(vii) Board Assessment - A key Cog in an effective governance structure</li> <li>(viii) MIA Ethics Webinar and Quiz</li> <li>(ix) Decoding Transaction &amp; RPT Rules (Advanced Module)</li> </ul> |
| <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**

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>A Risk Management Committee has been set up to oversee and ensure the effective implementation of the framework, including the setting of risk appetite and risk tolerance statements.</p> <p>The Managing Director together with the Executive Directors are responsible for managing risks in accordance to regulatory guidelines and internal policies approved by the Board.</p> <p>A structured process has been established to identify and assess risks arising from the Company's operations, as well as the effectiveness of the control measures and internal control procedures.</p> <p>The Risk Management Committee meets with the Managing Director and Executive Directors to deliberate on the findings and recommendations of the risk assessments performed.</p> <p>The information on risk management and internal control are set out in the Statement on Risk Management and Internal Control in the 2021 Annual Report.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### Intended Outcome

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

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

### Practice 10.2

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board recognises that having an effective risk management and system of internal controls is an essential part of good business management practice. The Board also acknowledges that all areas of the Group's activities do involve some degree of risk and is committed to ensure that the Group has an effective risk management framework which allows the Group to identify, evaluate, manage and monitor risks within defined risk parameters that affect the achievement of the Group's business objectives.</p> <p>Attestation has been made by the Board with regard to the adequacy and effectiveness of the framework.</p> <p>Although the Board is of the view that the present risk management and internal control is adequately in place to safeguard the Company's assets and sufficient to detect any fraud or irregularities, the Board is on a constant watch for any improvement that may strengthen its current system from time to time.</p> <p>The key features of the Group's risk management framework and internal control system are disclosed in the Statement of Risk Management and Internal Control in the 2021 Annual Report.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**Intended Outcome**

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

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

**Practice 10.3 - 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>                             | : | Adopted  |
| <b>Explanation on adoption of the practice</b> | : | The Risk Management Committee comprises a majority of Independent Directors. |

**Intended Outcome**

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

**Practice 11.1**

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Company has outsourced its Internal Audit function to an independent service provider, which assists the Audit Committee to discharge its duties and responsibilities. The role of the outsourced internal audit firm is to provide independent and objective reports on the organisation’s management, records, accounting policies and controls to the Board.</p> <p>The internal audits include the evaluation of the processes where significant risks are identified, assessed, and managed. Such audits also ensure that the instituted controls are appropriate, effectively applied and achieve acceptable risk exposures abided by the Company’s Risk Management and Internal Control Framework.</p> <p>The details and summary of works on the internal audit function are further disclosed in the Audit Committee Report in the 2021 Annual Report for the FY2021.</p> |  |
| <b>Explanation for departure</b>   | : |   |  |
|  |   |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### Intended Outcome

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

### Practice 11.2

The board should disclose–

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

|   |   |   |                            |   |             |                                      |   |               |                       |   |   |
|---|---|---|----------------------------|---|-------------|--------------------------------------|---|---------------|-----------------------|---|---|
| <b>Application</b>                                | : | Applied   |                            |   |             |                                      |   |               |                       |   |   |
| <b>Explanation on application of the practice</b> | : | <p>The Group has appointed an outsourced internal audit service provider, Talent League Sdn. Bhd. (“<b>Talent League</b>”) or (“<b>Outsourced Internal Auditors</b>”) to carry out the internal audit function.</p> <p>The purpose of the internal audit function is to provide the Board, through the AC, reasonable assurance of the effectiveness of the system of internal control in the Group.</p> <p>The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.</p> <p>The assessment and evaluation of the internal audit review are based on the standards issued by the International Standards for the Professional Practice of Internal Auditing and the Internal Control framework model by Committee of Sponsoring Organizations of the Treadway Commission (“<b>COSO</b>”), as well as applicable regulatory rules and practices, such as Listing Requirements of Bursa Securities, Companies Act 2016, and Malaysian Code of Corporate Governance 2021.</p> <p>The profile of Talent League is set out as follows:-</p> <table><tr><td><b>Date of appointment</b></td><td>:</td><td>20 May 2021</td></tr><tr><td><b>Principal Engagement Director</b></td><td>:</td><td>Mr. Roy Thean</td></tr><tr><td><b>Qualifications</b></td><td>:</td><td><ul style="list-style-type: none"><li>• Member of the Malaysian Institute of Accountants;</li></ul></td></tr></table> | <b>Date of appointment</b> | : | 20 May 2021 | <b>Principal Engagement Director</b> | : | Mr. Roy Thean | <b>Qualifications</b> | : | <ul style="list-style-type: none"><li>• Member of the Malaysian Institute of Accountants;</li></ul> |
| <b>Date of appointment</b>                        | : | 20 May 2021   |                            |   |             |                                      |   |               |                       |   |   |
| <b>Principal Engagement Director</b>              | : | Mr. Roy Thean   |                            |   |             |                                      |   |               |                       |   |   |
| <b>Qualifications</b>                             | : | <ul style="list-style-type: none"><li>• Member of the Malaysian Institute of Accountants;</li></ul>   |                            |   |             |                                      |   |               |                       |   |   |



|  |                            |   |   |
|--|----------------------------|---|---|
|  |                            |   | <ul style="list-style-type: none"> <li>• Member of the Malaysian Institute of Certified Public Accountants; and</li> <li>• Member of the Institute of Internal Auditors Malaysia.</li> </ul>  |
|  | <b>Experiences</b>         | : | Mr. Roy Thean has over 20 years of working experience in local and international professional services firms. His work encompasses a wide range of professional services with his core practice being in corporate finance and advisory work for transaction support services including business valuations, financial due diligence, preparation of business plans and financial modelling, internal control and business risk review, corporate governance, risk management, merger / acquisition related services, internal and external auditing. |
|  | <b>Number of resources</b> | : | Talent League deployed 2 to 3 personnel per audit review.   |
| <b>Explanation for departure</b>   | :                          |   |   |
|  |                            |   |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |                            |   |   |
| <b>Measure</b>   | :                          |   |   |
| <b>Timeframe</b>   | :                          |   |   |

### Intended Outcome

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

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

### Practice 12.1

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

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Board ensures that the Company announces its quarterly financial reports on timely basis to the shareholders and also make necessary announcement to its stakeholders.</p> <p>The Board would also ensure stakeholders are given the opportunity to speak and seek clarification during the Company's Annual General Meeting, for effective and transparent communication with its stakeholders.</p> <p>Investor relations activities such as meetings with fund managers &amp; analyst and interview by the media are attended by the designated personnel, such as the Managing Director, Executive Directors and Chief Financial Officer.</p> <p>The Company also via its website (i.e. <a href="http://www.asastera.com">www.asastera.com</a>), includes an Investor Relation Section which provides all relevant information of the Company, and it is accessible to the public. This section enhances the Investor Relation function by including all announcements made, share price information and other corporate information.</p> <p>The investor relation function is established to enable continuous communication between the Company and its stakeholders. The stakeholders are encouraged to channel their concerns to the contact person whose name and email address - <a href="mailto:kabinvestor@asastera.com">kabinvestor@asastera.com</a> is provided 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 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 AGM is despatched to the shareholders at least 28 days prior to the date of the AGM.</p> <p>The Notice for convening the 24<sup>th</sup> AGM of the Company which held on 23 May 2021 was sent to the shareholders on 21 April 2021, which is more than 28 days before the date of AGM.</p> <p>The forthcoming 25<sup>th</sup> AGM of the Company is scheduled to be held on 27 May 2022. The notice for convening the 25<sup>th</sup> AGM has been sent out to the shareholders on 27 April 2022, which is more than 28 days before the date of 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>  | : | The Chairman and the Managing Director were present physically at the Broadcast Venue of the 24 <sup>th</sup> Annual General Meeting (“ <b>24<sup>th</sup> AGM</b> ”) and all other Directors have joined the Company’s 24 <sup>th</sup> AGM via video-conferencing. The Chairman of the Audit, Nominating, Remuneration and Risk Management Committees were present to provide response to any questions which are addressed to them. |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate—

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

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

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>In accordance with its Constitution, the Company may convene a meeting of Members at more than one venue using any technology or method that enables the Members of the Company to participate and to exercise the Members' right to speak and vote at the meeting. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue.</p> <p>In view of the COVID-19 pandemic, the Company took the necessary precautions and preventive measures in complying with the directives issued by the Malaysian Ministry of Health. These include the option of remote shareholders' participation at the AGM.</p> <p>At its fully virtual 24<sup>th</sup> AGM held on 20 May 2021, the Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on the resolutions for the second time.</p> <p>The entire AGM proceedings were held through the Company's Share Registrar TIIH Online website. The Administrative Details of the AGM as well as the user guide with detailed registration and voting procedures were shared with the shareholders and the same were also published on the Company's website.</p> <p>The 25<sup>th</sup> AGM of the Company will also be conducted fully virtual basis via remote participation and electronic voting facilities, the details would be set out in the Notice of the 25<sup>th</sup> AGM of the Company and the Administrative Guide.</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.

*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.*

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The 24<sup>th</sup> AGM was a virtual meeting.</p> <p>The shareholders were allowed to submit their questions electronically through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor &amp; Issuing House Services Sdn. Bhd. TIIH Online website at <a href="https://tiih.online">https://tiih.online</a> prior to AGM, or used the query box to transmit questions to the Board of Directors via RPV facilities during live streaming of the AGM.</p> <p>The Chairman of the AGM had also informed the shareholders during the live streaming of the AGM on 21 May 2021 that they could submit their questions and comments to the Board during the AGM via the RPV facilities; and the answers to all the questions were addressed accordingly before the commencement of the poll voting.</p> <p>Shareholders were given sufficient opportunity to pose their questions before the AGM and during the AGM. The Company had ensured that all the questions were answered.</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.

*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.*

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>In view of the Covid-19 pandemic, the 24<sup>th</sup> Annual General Meeting was held virtually.</p> <p>The RPV facilities hosted on TIIH Online website at <a href="https://tiih.online">https://tiih.online</a> allowed shareholders to pose questions to the Board and Chairman of the AGM via typed text in the query box. The shareholders submitted their questions at any time from the day of notice of AGM and up to the time when the meeting was in progress.</p> <p>At the “Questions and Answers” session in the meeting agenda, the RPV Facilities had the facilities to live broadcast the questions/remarks and answers; and the shareholders had experienced real time interaction with the Board during the AGM.</p> <p>There were total 8 questions posted by the shareholders. The questions and answers were subsequently posted on the website of the Company.</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>  | : | The Minutes of the 24 <sup>th</sup> AGM, which includes the questions raised by shareholders together with the responses by the Company and outcome of the voting results, was made available to the shareholders within thirty (30) business days after the 24 <sup>th</sup> AGM at the Company's website. |
| <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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