

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0316
COMPANY NAME : SIK CHEONG BERHAD
FINANCIAL YEAR : March 31, 2025

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board of Directors of Sik Cheong Berhad ("Sik Cheong" or the "Company") ("Board") is responsible for a strategic role in overseeing Sik Cheong and its subsidiaries (the "Group") as a fundamental part of discharging its duties to enhance shareholder value and support the highest standard of corporate governance and the development of the best corporate governance practices for the Group.</p> <p>The Board is guided by its Board Charter that sets out the composition and balance, roles and responsibilities, operation and processes of the Board and ensure that all the Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.</p> <p>The Managing Director and Executive Director of the Company together with the management have the responsibility to manage the day-to-day operations of the business, implementation of Board policies and making strategic decisions for the expansion of the business. The Non-Executive Directors contribute their expertise and experience to give independent judgment to the Board on issues of strategy, performance and resources, including major policies, key directions and standards of conduct.</p> <p>The Board has delegated some responsibilities to the following Board Committees to assist in the execution of its responsibilities in accordance with its respective Terms of Reference ("TOR"): -</p> <ul style="list-style-type: none">(i) Audit and Risk and Management Committee ("ARMC")(ii) Nomination Committee ("NC")(iii) Remuneration Committee ("RC") <p>The Board Charter and TOR of the respective committees are available on the Company's website at www.sikcheong.com.my.</p>

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

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board is currently chaired by Encik Abdul Razak Bin Dato' Haji Ippap, the Independent Non-Executive Chairman of the Company. The Chairman is responsible for the Board's effectiveness and conduct, facilitating constructive deliberation of matters in hand. The roles and responsibilities of the Chairman of the Board are specified in Paragraph 4.3 of the Board Charter, which is available on the Company's website at www.sikcheong.com.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and Managing Director (i.e., the chief executive) are held by two (2) separate individuals with each having a clear scope of duties and responsibilities as defined in the Board Charter in order to provide for a balance of power and authority.</p> <p>The Board is chaired by Encik Abdul Razak Bin Dato' Haji Ipap, the Independent Non-Executive Chairman of the Company, whilst Mr Wong Hing Ngiap is the Managing Director of the Company.</p> <p>The Chairman of the Board is primarily responsible for the orderly conduct and effectiveness of the Board. He leads the Board with focus on governance and compliance and acts as a facilitator at Board meetings. The Managing Director oversee the day-to-day management of the Group's business operations and implementation of policies and strategies adopted by the Board to achieve the Group's objective of creating long term value for its shareholders.</p> <p>The roles and responsibilities of the Chairman of the Board and the Managing Director of the Company are specified in Paragraph 4.3 of the Board Charter, which is available on the Company's website at www.sikcheong.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	The Independent Non-Executive Chairman, Encik Abdul Razak Bin Dato' Haji Ipap is not a member of any of the Board Committees, nor did he participate in any of the Board committees' meetings by way of invitation, to uphold effective checks and balances as well as to preserve the objectivity and independence of Board Committees. The composition of Board Committees is published on the Company's website at www.sikcheong.com.my .
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
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Timeframe :	

Intended Outcome

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

Practice 1.5

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

Application	: Applied
Explanation on application of the practice	<p>The Board has unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively and is supported by two (2) Company Secretaries, namely Joanne Toh Joo Ann and Kooi Ee Lin, who are qualified to act as Company Secretary in accordance with the requirements of the Companies Act 2016. One of the Company Secretaries is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators while the other Company Secretary is a licensed Company Secretary. Both the Company Secretaries possessed a valid Practising Certificate issued by the Companies Commission of Malaysia pursuant to Section 241(1) of the Companies Act 2016.</p> <p>The Board is updated and kept informed by the Company Secretaries on the latest developments in the legislation and regulatory framework issued by the regulatory authorities. At least one of the Company Secretaries has attended all the Board and Board Committees' meetings during the financial year ended 31 March 2025 ("FY2025") and ensured that all procedures are adhered.</p> <p>The roles and responsibilities of a Company Secretary include, but are not limited to the following:-</p> <ul style="list-style-type: none">i. Attend and record minutes of all board and committee meetings and facilitate board communications;ii. Advise the Board on its roles and responsibilities;iii. Assist in director training and development;iv. Advise the Board on corporate disclosures and compliance with the Companies Act 2016 and ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements");v. Manage processes pertaining to the shareholder meetings; andvi. Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations. <p>The Company Secretaries consistently keep themselves abreast of the regulatory alterations and developments in corporate governance through participation in relevant conferences and training programs.</p>

Explanation for departure :		
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Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The notices of Board and Board Committee meetings together with board papers containing the information relevant to the business of the meetings are circulated to the Directors via email typically at least five (5) working days prior to the meeting date.</p> <p>The Directors may also interact directly with the Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them. The Board is also briefed on the latest updates on the Group's business activities by the senior management of the Group.</p> <p>All proceedings of Board and Board Committees meetings are minuted and signed as a correct record by Chairman of the meeting in accordance with the provisions of the Companies Act 2016. The Company Secretaries and their representatives attend all Board meetings and ensures all proceedings of the meetings including issues raised, deliberations and decisions of the Board are properly documented. The minutes of meetings are circulated within a reasonable period upon conclusion of the meetings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>As part of the governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.</p> <p>The Board Charter covers amongst others, the following matters:-</p> <ul style="list-style-type: none">• Composition and balance of the Board;• Authorities of the Board;• Role and responsibilities for Chairman, Managing Director, Executive Director, Non-Executive Directors, Independent Directors, Board Committees and Company Secretary;• Accountability and Audit;• Board Processes;• Confidentiality and Disclosures of Interest;• Anti-Bribery and Anti-Corruption Policy;• Whistleblowing Policy;• Code of Ethics and Conduct; and• Directors' Fit and Proper Policy. <p>The Board will review and update the Board Charter when necessary to keep them up to date with new changes in regulations and best practices and to ensure its effectiveness and relevance to the Board's objectives. Any subsequent amendment to the Board Charter will be approved by the Board. Further details of Board Charter are available on the Company's website at www.sikcheong.com.my.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has adopted the Code of Conduct and Business Ethics ("Code") for the Directors, senior management and employees of the Group to cultivate corporate accountability at each individual level in order to ensure an ethical corporate environment can flourish and enable the Company to consistently reach high standards of corporate governance, corporate social responsibility and professionalism.</p> <p>The Code sets out the underlying values, commitment, dedication, diligence and professionalism contributing towards the social and environmental growth of the surroundings in which the Group operates.</p> <p>In addition to the Code, the Company has also established the Anti-Bribery & Corruption ("ABC") Policy for the Directors, employees and business partners to:</p> <ul style="list-style-type: none">(a) provide information and guidance on the obligations of the Company and all parties working for/with/on behalf of the Company ("Parties") in observing and upholding the anti-bribery and corruption commitment which is an integral part of our business ethics and Group Standards of Conduct;(b) set out guidance to all Parties in detecting potential corruption activities and to curb corruption practices; and(c) to promote better corporate governance culture and ethical behaviour amongst the Directors and employees. <p>The Board will review the adoptions of the Code and ABC Policy from time to time to ensure it remains relevant and appropriate.</p> <p>The Code and ABC Policy are accessible by the public through the Company's website at www.sikcheong.com.my.</p>

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

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group is committed to achieving and maintaining high standards on the behaviour at work to provide an avenue to report any breach or suspected breach of any laws or regulations, including business principles and the Company's policies and guidelines in a safe and confidential manner. The Board has formalised a Whistleblowing Policy, with the aim to provide an avenue for raising concerns related to the genuine concerns on improper conduct or unethical behaviors, malpractices, and illegal acts or failure to comply with regulatory requirements.</p> <p>The Whistleblowing Policy serves to encourage, provide, and facilitate a formal and confidential channel to the stakeholders to report their concerns in good faith and in confidence, without fear of reprisals, concerns about possible improprieties and/or the failure to comply with the Company's policies and regulatory requirements responsibly and sensibly.</p> <p>The Whistleblowing Policy is accessible by the public through the Company's website at www.sikcheong.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans and risk management.</p> <p>On 15 October 2024, the Sustainability Working Group was established and has been tasked with determining the Group’s sustainability strategy and provide an oversight of our corporate sustainability policies and performance.</p> <p>Senior Management oversees the implementation of the Group’s sustainability approach and ensures that key targets are being met. The respective division’s management heads are responsible for identifying, evaluating, monitoring and managing Environmental, Social and Governance (“ESG”) risks and opportunities directly.</p> <p>Please refer to the Sustainability Statement within the Company’s Annual Report 2025 for further information.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board via its disclosure in its Sustainability Statement in the Annual Report for the FY2025, strives to keep external and internal stakeholders informed on Group’s sustainability strategies, targets, priorities as well as performance against these targets.</p> <p>The Company is committed to engage in constructive and meaningful dialogue with our stakeholders. Effective bilateral dialogue with our stakeholders helps us build trust, gain insights into the most pressing issues affecting our ESG matters, and allows us to share our perspective on key issues to help them understand the Group’s journey more clearly. Through the engagement with a diverse group of stakeholders, their views on a wide range of topics have influenced the Company’s sustainability strategy in several key areas.</p> <p>Please refer to the Sustainability Statement within the Company’s Annual Report 2025 for further information.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is aware of the importance of business sustainability.</p> <p>Therefore, the Board has in place policies and guidelines with integration of ESG elements to promote good corporate governance culture within the Group and embedding sustainability principles into business operation. These include the Code and ABC Policies.</p> <p>The Board was informed during the reviewed fiscal year about the most recent developments regarding the Group's sustainability concerns and the most recent modifications to the Listing Requirements regarding the corporate disclosures and compliances with regard to ESG reporting, from the Company Secretary.</p> <p>In addition, majority of the Board members have attended training courses in relation to the ESG during the FY2025 to stay abreast with and understand the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities.</p> <p>Please refer to the Corporate Governance Overview Statement within the Company's Annual Report 2025 for further details of the training sessions attended by Board members.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board, through the NC, conducted its annual performance evaluation in May 2025 on the effectiveness of the Board in addressing the Group’s material sustainability risks and opportunities for the FY2025.</p> <p>Based on the result of the performance appraisal on Managing Director, Executive Director and key senior management conducted by the Human Resource Department, the Board and NC noted that their overall performance was satisfactory. They had discharged their duties and responsibilities (including governance, compliance, risk management, safety and compliance requirement, teamwork, communication and/or process improvement) effectively.</p> <p>Whereas for the Key Senior Management team, it is part of their key performance indicators which are reviewed annually.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Adopted
Explanation on adoption of the practice	:	The Company has established a Sustainability Working Group (“SWG”), managed by Ms Kartika Iskandar, the Financial Controller of the Group, to address sustainability issues within the Group. The SWG consists of the head from each department including Finance, Operations, Human Resources and Business Development and regular sustainability meetings commenced since March 2025. The SWG would provide regular updates on sustainability progress to the Key Senior Management and the Board of Directors.

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC shall carry out an annual review for assessing the effectiveness of the Board as a whole, the Board Committees and the individual Directors, including the tenure of each Director.</p> <p>The assessment criteria of the Board and Board Committees include an evaluation of the size and composition of the Board and Board Committees, access to the information, accountability processes, board and board committees' performances in relation to discharging its responsibilities, communication to management and standard of conduct by the directors and committees' members.</p> <p>To ensure that the selection and re-election of Directors adhere to the required standards, the Company has implemented the Directors' Fit and Proper Policy. This policy delineates the approach and standards for appointing and re-electing Directors within the Group. It acts as a guiding framework for the NC and the Board in their appraisal and assessment of potential Board members and Directors up for re-election. This procedure guarantees that these individuals possess the requisite qualities, such as character, expertise, integrity, competency, and time availability, to effectively carry out their duties as Directors.</p> <p>The NC had 23 May 2025 conducted the assessment on Mr Wong Hin Loong and Ms Kok Yi Ling (collectively, "Retiring Directors"), the Directors standing for re-election at the forthcoming Annual General Meeting ("AGM") and agreed that they met the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors. The NC had also conducted the fit and proper assessment on the Retiring Directors and was satisfied with the outcome of the assessments. The Retiring Directors have provided the fit and proper declarations in accordance with the Directors' Fit and Proper Policy of the Company.</p> <p>The Board concurred with the findings of the NC, recommends and supports the re-election of the Retiring Directors, who are seeking for re-election pursuant to Clause 76(3) of the Company's Constitution at the forthcoming AGM for shareholders' approval.</p>

	None of the Independent Non-Executive Directors have served the Board for a cumulative period of nine (9) years as of 31 March 2025.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Applied	
Explanation on application of the practice	:	The current Board consists of six (6) members, comprising of a Managing Director, an Executive Director and four (4) Independent Non-Executive Directors. The Independent Directors represented 66.67% of the Board composition. In this respect, the Board complies with the recommendation of the MCCG of which at least 50% of the Board comprises Independent Directors. In addition, Sik Cheong also complies with the requirement of the Listing Requirements for Independent Non-Executive Directors to make up at least 1/3 of the Board membership.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>As set out in the Board Charter of the Company, the tenure of an Independent Director shall not exceed a cumulative term of 12 years. Upon completion of his/her 9-year tenure, an Independent Director may continue to serve on the Board subject to the re-designation of the said person as a Non-Independent Director. In the event the Board intends to retain such Director as an Independent Director after the latter has served a cumulative term of nine (9) years, the Board will justify the decision and seek annual shareholders’ approval through a two-tier voting process.</p> <p>As of FY2025, none of the Independent Directors has reached nine (9) years of service since their appointment as Independent Directors.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has in place formal and transparent procedures for appointment of new directors to the Board and senior management of the Group. The Board had entrusted the NC to identify and nominate suitable candidates for appointments to the Board and senior management of the Group for approval, either to fill vacancies or as an addition to meet the changing needs of the Group. The NC may seek independent resources to identify suitable candidates for the Board.</p> <p>The Company has established a Directors' Fit and Proper Policy which serves as a guide to the NC and the Board in their review and assessment of candidates that are to be appointed onto the Board and its subsidiaries as well as Directors who are seeking for re-election.</p> <p>Before recommending an appointment to the Board, the NC will undertake a comprehensive evaluation and assessment of the candidates in accordance with the criteria as set out in the Directors' Fit & Proper Policy adopted by the Group. The NC also takes into accounts the Group's business and matches the capabilities and contribution expected for a particular appointment. In selection of Board candidates, the NC takes into account the core competencies, experience, personal integrity, personal attributes and time commitment required to effectively discharge his/her role as a director. The NC shall ensure that the Board has the right balance of skills, experience, independence and business knowledge necessary to discharge its responsibilities in keeping with the highest standards of governance.</p> <p>The Board will review the appropriate skills, experience and knowledge required of the Board members, in the context of the needs of the Group. The Board will also review its composition and size from time to time to ensure its appropriateness. The Board and NC also considers diversity in skills, knowledge, expertise, age, cultural background and gender to ensure a balanced and effective Board composition.</p> <p>The Directors' Fit and Proper Policy is available on the Company's website at www.sikcheong.com.my.</p>

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

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has stipulated specific TOR for NC, which cover inter-alia assessing and recommending the candidature of directors to the Board. In the nomination and election of new directors, NC carries out the requisite evaluation and assessment on the candidate's ability to discharge his/her duties effectively, before making recommendation to the Board for approval.</p> <p>In accordance with the TOR of NC, in identifying suitable candidates, the NC shall consider the "Fit and Proper Criteria" outlined in the Directors' Fit and Proper Policy and the NC may seek independent sources to identify qualified candidates for the Board. The NC is responsible for appointing a gender-diverse Board. Other functions of the NC is set out in the NC's TOR.</p> <p>The current Directors of the Company were appointed prior to the Company's listing on the ACE Market of Bursa Securities, based on recommendations from the existing Board members, senior management and/or major shareholders.</p> <p>For the FY2025, there was no appointment of new director to the Board. The Board is mindful of this Practice and may consider utilising the independent sources to identify suitable qualified candidate, when necessary.</p> <p>The NC's TOR is available on the Company's website at www.sikcheong.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC would carry out formal assessment evaluation on the performance as well as identifying any gaps or areas of improvement of the individual Directors, the Board and Board Committees annually. The NC also would identify the Directors who are subject to retirement by rotation at the AGM in accordance with the Constitution of the Company and assess the Retiring Directors' eligibility for re-election by considering their character, experience, integrity, competencies, time commitment, contribution and their ability to act in the best interest of the Company. Based on the satisfactory evaluation of the respective Retiring Director's performance and contributions to the Board, the NC will then recommend to the Board the re-election of the Retiring Directors at the AGM of the Company.</p> <p>The Board endorsed recommendation of the NC after reviewing the performance evaluation of the Retiring Directors, that the Retiring Directors to be considered for re-election subject to the shareholders' approval at the AGM.</p> <p>A statement that the Board is satisfied with the performance evaluation of the Retiring Directors, hence endorsing the recommendation of the NC for the Retiring Directors to be considered for re-election at the AGM, is included in the Statement Accompanying the Notice of Second AGM scheduled to be held on 18 September 2025 ("2nd AGM") enclosed in the Company's Annual Report 2025. The statement provides the relevant information for the shareholders to make an informed decision on the re-election of Directors.</p> <p>The details of the respective Retiring Directors were disclosed in the Profile of Directors in the Company's Annual Report 2025 including their age, gender, position in the Company, qualification, working experience, expertise, any position in Board Committee, any conviction of offence in the past 5 years and any conflict of interest with the Company. The shareholdings of the Retiring Directors were disclosed in the Analysis of Shareholdings in the Company's Annual Report 2025.</p>

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

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The NC is chaired by Ms Keh Siew Hoon, an Independent Non-Executive Director of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to workplace diversity, with a particular focus on supporting the representation of women in the composition of the Board and senior management of the Company. The Board, through the NC, will conduct all Board appointment processes in a manner that promotes diversity and in particular, gender diversity. The Board recognises the value of having women members on the Board and senior management level. Where possible, the Board shall ensure that women candidates are recruited as Board members and senior management positions, to meet the objectives of the boardroom diversity as recommended under the MCCG.</p> <p>Currently, two (2) members of the Board are of the female gender, which represents 33.33% of the Board's composition.</p> <p>This is in compliance with Rule 15.02(1)(b) of the Listing Requirements which requires at least one (1) woman director on the Board as well as Practice 5.9 of the MCCG for the Board to have at least 30% women Directors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.10

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

Application	:	Applied
Explanation on application of the practice	:	The Board had adopted the Diversity Policy which sets out the Group's approach to diversity on the Board of Sik Cheong. The Board together with the NC will assess and evaluate current diversity levels, identify and analyse gaps and criteria for new board appointments, and thereafter recommend the strategies, objectives, targets and practical goals against an indicative time frame in order to maintain an appropriate range and balance of skills, experience and background on the Board. The Group will evaluate the suitability of candidates as a new Board member based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, and also take into consideration the concept of diversity including but not limited to gender, age and ethnicity. Equal opportunity is given and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Board, through the NC and facilitated by the Company Secretaries, will conduct an annual assessment to evaluate the performance of the Board, its Board Committees and each Director, as well as identify any gaps or areas of improvement.</p> <p>The annual assessment will be conducted internally through a questionnaire and by way of a combination of self-assessment and peer-assessment approach, focusing on maximising the effectiveness and performance of the Board. The Board did not engage any external party to undertake an independent assessment of the Directors. A summary of the results and all feedback received were tabled to the NC for deliberation before appropriate action plans were recommended to the Board for further discussion and approval.</p> <p>The criteria used by the NC in evaluating the effectiveness of the Board and performance of each individual Director, include the mix of skills, knowledge, Board diversity, size and experience of the Board, quality of Board meetings, Board functionality, and for individual Directors, calibre and personality, core competencies and the contribution of each Director. The Board Committees were assessed based on their composition, roles and responsibilities, scope and knowledge, frequency and length of meetings, supply of sufficient and timely information to the Board and also overall effectiveness and efficiency in discharging their function.</p> <p>From the results of the annual assessment conducted for the FY2025, the NC was satisfied that all the Directors possess sufficient qualifications to remain on the Board. The NC viewed that all the Directors have good personal attributes and possess sufficient experience and knowledge in various fields that are vital to the Company's industry.</p>

	<p>In addition, the NC agreed that all the Directors have discharged their duties and responsibilities towards the Company as a Director effectively. The NC further concluded that the Board and Board Committees were functioning effectively as a whole with a high level of compliance and integrity.</p> <p>The NC will also conduct an annual assessment on the independence of Independent Directors based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgment at all times and based on the criteria set out in the Listing Requirements.</p> <p>From the annual assessment conducted for FY2025, the NC was satisfied that all the Independent Directors are independent of Management and free from any business or other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a Remuneration Policy to ensure the payment of equitable, competitive remuneration to the Directors and senior management of the Company which is based on individual performance, responsibilities, skills and experience, overall performance and growth of the Company and its subsidiaries as well as relevant market rate.</p> <p>The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience, time commitment and levels of responsibilities undertaken by the particular Non-Executive Director concerned.</p> <p>The Remuneration Policy would be reviewed by the RC and the Board from time to time, when necessary. The Remuneration Policy is available on the Company's website at www.sikcheong.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The RC of the Company currently comprises three (3) members, all of whom are Independent Non-Executive Directors.</p> <p>The RC is responsible for reviewing and recommending appropriate remuneration packages for all Directors and senior management to ensure it is sufficient to attract and retain the Directors needed to run the Company successfully. The RC needs to take into consideration, the Company's performance in managing material sustainability risks and opportunities, assisting the Board in formulating formal and transparent policies and guidelines for the composition of various components of remuneration, ensure that remuneration packages and benefits for Directors and senior management align with the Company's business strategies, long-term objectives, and remuneration policy, as well as comply with all laws, rules, regulations and guidelines set by relevant authorities and the Board and so on.</p> <p>The resolutions on the approval of fees for each Non-Executive Director are tabled separately at the forthcoming Company's AGM for shareholders' approval.</p> <p>The TOR of the RC can be viewed on the Company's website at www.sikcheong.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) for the FY2025 were disclosed in Annual Report 2025 and the table below.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Wong Hin Loong	Executive Director	-	16,000	208,000	54,119	2,479	60,220	340,818	-	24,000	320,000	80,119	27,883	78,687	530,689
2	Wong Hing Ngiap	Executive Director	-	16,000	188,458	54,119	3,891	64,348	326,816	-	24,000	300,458	80,119	30,780	82,955	518,312
3	Abdul Razak Bin Dato' Haji Ipap	Independent Director	40,000	-	-	-	-	-	40,000	40,000	-	-	-	-	-	40,000
4	Thong Kooi Pin	Independent Director	40,000	-	-	-	-	-	40,000	40,000	-	-	-	-	-	40,000
5	Keh Siew Hoon	Independent Director	30,000	-	-	-	-	-	30,000	30,000	-	-	-	-	-	30,000
6	Kok Yi Ling	Independent Director	30,000	-	-	-	-	-	30,000	30,000	-	-	-	-	-	30,000
7	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	-	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 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company opts not to disclose the key senior management's remuneration components (salary, bonus, benefits-in-kind and other emoluments) on a named basis as it is not in the best interest of the Company and key senior management personnel to disclosure of their personal data to the public at large.	
		The Company notes the need for corporate transparency in the remuneration of its senior management executives, however, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure may be detrimental to the business interests and give rise to recruitment and talent retention issues.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>In line with the best practice of MCCG, the Board has established the ARMC which comprises exclusively of Independent Non-Executive Directors and the Chairman of the ARMC is not the Chairman of the Board.</p> <p>The ARMC is chaired by the Independent Non-Executive Director, Mr Thong Kooi Pin. Meanwhile, the Chairman of the Board is Encik Abdul Razak Bin Dato' Haji Ipap.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>As at the date of this Report, none of the members of the Board or the ARMC are former audit partner of external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting etc) of the Company or any entity within the Group.</p> <p>The ARMC has included in its TOR that a former audit partner of the External Auditor and/or the affiliate firm (including those providing advisory services, tax consulting etc) of the Company or any entity within the Group shall observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.</p> <p>The TOR of the ARMC is available on the Company's website at www.sikcheong.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had adopted an External Auditors' Assessment Policy, which covers the selection and appointment of External Auditors, review of External Auditors for re-appointment, independence of External Auditors, provision of non-audit services by the External Auditors and monitoring and reporting of non-audit services by the ARMC. The ARMC shall carry out an annual assessment on the suitability, objectivity, independence and capabilities of the External Auditors as well as the effectiveness of the external audit process, which shall consider, among others, the following:-</p> <ul style="list-style-type: none">(a) quality and rigour of their audit;(b) adequacy of the experience and quality of service provided;(c) the External Auditors' internal quality control procedures;(d) relationship with the Group;(e) size and complexity of the company being audited;(f) communication and interaction with management and the Internal Auditors;(g) independence (both in fact and appearance) and objectivity;(h) ability to meet deadlines and respond to issues in a timely manner;(i) effectiveness and timeliness in communicating and reporting to the Board and/or the ARMC;(j) level of understanding of the Group's business; and(k) competency and resource adequacy; and others. <p>The ARMC discusses with the External Auditors on both audit plan and the scope of audit before the commencement of audit work. The ARMC is briefed by the External Auditors on their audit report upon completion of the audit.</p> <p>The ARMC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The ARMC has been explicitly accorded the power to communicate directly with the External Auditors.</p> <p>The ARMC obtained confirmation from the External Auditor that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of the relevant professional</p>

	<p>and regulatory requirements.</p> <p>A private session was conducted on 23 May 2025 between ARMC and External Auditors, Messrs Morison LC PLT (“Morison”) without the presence of Executive Directors and Management to ensure that the independence and objectivity of the External Auditors were not compromised.</p> <p>On 23 May 2025, the ARMC had performed an annual assessment of Morison, based on the following criteria:-</p> <ul style="list-style-type: none"> - Calibre of external audit firm; - Quality processes/performance; - Audit team; - Independence and objectivity; - Audit scope and planning; - Audit fees; and - Audit communications. <p>Based on the assessment results, the ARMC was satisfied with the suitability, objectivity, independence and capabilities of Morison as the External Auditors as well as the effectiveness of the external audit process of Morison. The Board, based on the ARMC’s recommendation, would be tabling the re-appointment of Morison as the External Auditors of the Company at the forthcoming AGM.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted								
Explanation on adoption of the practice	:	<p>In line with the best practice of MCCG, the Board has set up the ARMC which comprises exclusively of Independent Non-Executive Directors.</p> <p>The composition of the ARMC is as follows:</p> <table border="1"><thead><tr><th>ARMC Members</th><th>Designation</th></tr></thead><tbody><tr><td>Mr Thong Kooi Pin (Chairman)</td><td>Independent Non-Executive Director</td></tr><tr><td>Ms Keh Siew Hoon (Member)</td><td>Independent Non-Executive Director</td></tr><tr><td>Ms Kok Yi Ling (Member)</td><td>Independent Non-Executive Director</td></tr></tbody></table>	ARMC Members	Designation	Mr Thong Kooi Pin (Chairman)	Independent Non-Executive Director	Ms Keh Siew Hoon (Member)	Independent Non-Executive Director	Ms Kok Yi Ling (Member)	Independent Non-Executive Director
ARMC Members	Designation									
Mr Thong Kooi Pin (Chairman)	Independent Non-Executive Director									
Ms Keh Siew Hoon (Member)	Independent Non-Executive Director									
Ms Kok Yi Ling (Member)	Independent Non-Executive Director									

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied	
Explanation on application of the practice	:	Collectively, the members of the ARMC have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the TOR of the ARMC. The qualifications and experience of the individual ARMC members are disclosed in the Annual Report 2025.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has established a structured risk management framework to identify, evaluate, monitor, and manage key risks that may affect its ability to achieve strategic and operational objectives. This framework is integrated within the Group's management and operational processes, serving as a foundation for informed decision-making at all levels of the organisation.</p> <p>The Group has appointed Vaersa Advisory Sdn Bhd, an independent consulting firm, to review the adequacy and integrity of its internal control system. Vaersa Advisory Sdn Bhd serves as the Group's outsourced internal auditor and reports directly to the ARMC on a quarterly basis.</p> <p>The Board and ARMC have received assurance from the Managing Director and Financial Controller that the Group's risk management and internal control systems are operating adequately and effectively, in all material respects, for the FY2025.</p> <p>Detailed disclosure regarding the Group's risk management and internal controls for the FY2025 is provided in the Statement on Risk Management and Internal Control within the Company's Annual Report 2025.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through the ARMC, oversees the implementation of the Group’s risk management framework and ensures that key risks are identified, evaluated, and managed in line with the Group’s strategic direction. The ARMC reviews and advises the Board on risk matters to ensure that the Group’s risk management practices remain effective. Management is responsible for identifying and evaluating risks relevant to the business and for designing and implementing appropriate internal controls to manage those risks.</p> <p>Key features of the Group’s risk management framework include:</p> <ul style="list-style-type: none"> (i) Risk Identification and Assessment (ii) Risk Evaluation (iii) Risk Mitigation and Control (iv) Risk Monitoring and Reporting (v) Roles and Responsibilities <p>The risk management framework is subject to regular review and enhancement to ensure it remains aligned with the Group’s strategic direction, regulatory developments, and changes in the business environment.</p> <p>Further details of the key features of Risk Management Framework are set out in the Statement on Risk Management and Internal Control as presented in the Annual Report 2025.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has outsourced its internal audit function to an external professional service provider, Vaersa Advisory Sdn Bhd (“Internal Auditors”). The role of the internal audit function is to assess and evaluate the major operational processes within the Group to assist the Board in fulfilling its duties effectively.</p> <p>The Internal Auditors aims to provide advice to Management on areas that needs improvement, highlight any significant non-compliance issues, and then follow up to check if the recommended changes have been made. The Internal Auditors reports independently to the ARMC and has unrestricted access to all aspects of the Group, including records, documents, personnel, and information.</p> <p>The findings, weaknesses, and recommendations related to internal controls, as well as Management’s responses and action plans, are discussed during quarterly reviews with the ARMC. The senior management team is responsible for addressing and implementing necessary corrections, corrective actions, preventive measures, and recommendations within the specified time frame.</p> <p>A private session was conducted on 23 May 2025 between ARMC and Internal Auditors without the presence of Executive Directors and Management to ensure that the independence and objectivity of the Internal Auditors were not compromised.</p> <p>On 23 May 2025, the ARMC had performed an annual assessment of the performance of the Internal Auditors and was satisfied with the performance, adequacy of the scope, function, competency, experience and resources of the Internal Auditors and that they have the necessary authority to carry out their work during the financial year under review.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is outsourced to an independent professional firm, Vaersa Advisory Sdn Bhd which assists both the Board and ARMC by conducting independent assessments on the adequacy and operating effectiveness of the internal control system of the Company and they have sufficient number of audit staffs deployed for the internal audit reviews.</p> <p>The professional service provider is headed by Ms Tiffany Lim from Vaersa Advisory Sdn Bhd who reports to the ARMC. She is a member of the Malaysian Institute of Accountants and Associate Member of Institute of Internal Auditors Malaysia. She is supported by a team of qualified and experienced internal audit professionals. Vaersa Advisory Sdn Bhd has assigned 3 to 4 staff to provide internal audit services for the Group.</p> <p>Vaersa Advisory Sdn Bhd is free from any relationships or conflicts of interest that could impair their objectivity and the independence of the internal audit function. They also do not hold any direct operational responsibilities or authority over the activities they audit.</p> <p>To ensure independence from Management, Vaersa Advisory Sdn Bhd reports directly to the ARMC through the execution of internal audit work based on a risk-based annual internal audit plan reviewed and accepted by the ARMC before the commencement of work.</p> <p>The internal audit function highlights any key areas of weaknesses in the risks and internal control management system of the Group to the ARMC and include in their report the recommendations on the remedial actions to be taken to address the areas of weaknesses highlighted. In addition, Vaersa Advisory Sdn Bhd performs follow-up reviews on previously reported issues and provides an update to the ARMC on the status of implementations.</p> <p>The ARMC had assessed the adequacy of the scope, functions, competency and resources of Vaersa Advisory Sdn Bhd for the financial</p>

	<p>year under review and of the view that the internal audit function performed by Vaersa Advisory Sdn Bhd was satisfactory and adequate.</p> <p>Accordingly, the ARMC and the Board agreed to continuously outsource the internal audit function in providing an independent appraisal of the adequacy and effectiveness of the Group's internal control system.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>All information is made available to the shareholders and investors through the Annual Report; the various disclosure and announcements made to Bursa Securities and the Company's website at www.sikcheong.com.my.</p> <p>The Company will continuously enhance the disclosures on its website for broader and more effective dissemination of information to its stakeholders from time to time. The announcement of the quarterly financial results is also made via Bursa LINK in a timely manner as required under the Listing Requirements to ensure equal and fair access to information by the investing public.</p> <p>The AGM is the principal forum for dialogue with shareholders for effective communication with the Company. Shareholders have direct access to the Directors and senior management and are given the opportunity to raise questions or seek clarification during the AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>For the forthcoming AGM, notice of AGM is made available to the shareholders at least twenty-eight (28) days before the AGM in order to comply with the MCCG, the Companies Act 2016 and the Listing Requirements. This would enable shareholders to make the necessary arrangements to attend and participate in the AGM, either in person or through corporate representatives, proxies, or attorneys. Furthermore, shareholders are given adequate time to review and consider the resolutions to be discussed and voted on during the meeting.</p> <p>The Notice of AGM which includes details of the proposed resolutions along with the relevant explanatory notes and the Statement Accompanying the Notice of AGM are to facilitate shareholders' understanding of each proposed resolution, enabling them to make well-informed decisions when exercising their voting rights at the AGM.</p> <p>The notice of the AGM will be published in a nationally circulated newspaper, made available on the Company's website at www.sikcheong.com.my and announcement via Bursa Securities.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company was listed on the ACE Market of Bursa Securities on 13 August 2024. The forthcoming 2 nd AGM will be the first AGM to be held by the Company after its listing. All Directors of the Company are committed to be present at the 2 nd AGM to engage with the shareholders and address questions from the shareholders.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company's forthcoming 2 nd AGM will be the first AGM to be held by the Company after its listing on the ACE Market of Bursa Securities. The 2 nd AGM will be held physically to provide better interaction between the Board and the shareholders.	
	:	In the event that shareholders are unable to attend and vote at any general meeting, they are entitled to appoint a proxy/proxies or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her place.	
		The Company will consider leveraging technology to facilitate voting including voting in absentia and remote shareholders' participation at general meetings in the future.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The forthcoming 2nd AGM will be the first AGM to be held by the Company after its listing on the ACE Market of Bursa Securities.</p> <p>Shareholders will be given the opportunity to raise any questions regarding the resolutions being proposed as well as matters relating to the Group's operations during the AGM's question-and-answer session, prior to voting.</p> <p>The Chairman, Independent Directors and/or senior management team will address the questions raised by the shareholders during the AGM. Additionally, the External Auditors will be present to offer their professional and independent insights on any concerns raised by shareholders.</p> <p>In addition to the above, the Company will ensure that sufficient time is allocated during the AGM to address questions received from shareholders and promote meaningful engagement.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Not applicable – only physical general meetings were conducted in the financial year
Explanation on application of the practice :	
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The forthcoming 2 nd AGM will be the first AGM to be held by the Company after its listing. Minutes of the forthcoming 2 nd AGM will be made available on the Company's website no later than thirty (30) business days from the date of the 2 nd AGM, upon confirmation by the Board.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**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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