

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0094
COMPANY NAME : ZEN TECH INTERNATIONAL BERHAD
FINANCIAL YEAR : 30 JUNE 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors of Zen Tech International Berhad (referred to as "ZTIB" or the "Company" in this document) understands the significance of following strict corporate governance standards in its efforts to increase shareholder value while maintaining probity and protecting the interests of other stakeholders.</p> <p>Along with its responsibility for value creation, the Board also actively participates in the formulation and supervision of the Group's overall strategic direction. The Board sets the Group's objectives and strategic directions, assigns management objectives and targets, and keeps track of their accomplishment. The COVID-19 pandemic's ongoing dangers were taken into consideration as the Board and Senior Management examined the Group's strategy throughout the year under review. The Board discussed the pandemic's effects on the property industry as a whole and sought to grasp the major patterns in adjusting to the "new normal" as it did the year before.</p> <p>The Board has devised a set of Key Performance Indicators that integrates both quantitative and qualitative components in order to efficiently measure and monitor the performance and development of Management towards attaining the strategic objectives of the Group. In order to keep Directors informed of the most recent operational developments and any relevant issues pertaining to the Group, among other things, the quarterly financial results and budget reports are presented to the Board during Board meetings.</p> <p>In addition, as stated in the Statement on Risk Management and Internal Control, the Board focuses its efforts on identifying and assessing the main risks that the Group faces while also guaranteeing the adoption of effective procedures to manage these risks. The goal of the risk management and internal control framework is to instil moral, responsible, and professional behaviour at all levels of the Group's operations. In this regard, the Board is dedicated to establishing a</p>

	<p>positive corporate culture by putting the "tone at the top" as the centre of corporate governance.</p> <p>The Board is aware of its need to consider the economic, social, and environmental facets of business sustainability as it pursues its corporate goals. Particularly noteworthy is the Group's use of technology to advance environmental sustainability for certain development initiatives. Additionally, adequate measures are made to guarantee the wellbeing and safety of its personnel as well as their contributions to corporate social responsibility. The Sustainability Statement of the Annual Report discusses the specifics of the Company's sustainability actions and results.</p> <p>In terms of stakeholder involvement, the Board consistently makes sure that efficient communication channels are kept open so that stakeholders have adequate platforms to voice relevant opinions or concerns, as stated in the Sustainability Statement.</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

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>In order to ensure the Board operates efficiently, the Chairman plays a critical leadership role. Tan Sri Syed Mohd Yusof bin Tun Syed Nasir, a seasoned and well-known entrepreneur at the local and international levels, is the chairman of the company's board.</p> <p>When appropriate, Tan Sri Syed Mohd Yusof bin Tun Syed Nasir actively and constructively contributes to the discussion of any issues presented before the Board or Board Committees and offers wise and useful advice or suggestions. Additionally, Tan Sri Syed Mohd Yusof bin Tun Syed Nasir has provided evidence of:</p> <ul style="list-style-type: none">(i) Tan Sri Syed Mohd Yusof bin Tun Syed Nasir's capacity to steer and direct the course of a meeting, to bring up important and relevant issues, to promote frank, constructive and open debate, and to steer the Board members toward making wise and well-informed choices and/or recommendations.(ii) Social skills are strong points of Tan Sri Syed Mohd Yusof bin Tun Syed Nasir. He has an excellent working relationship with both the management and the board members and is aware of the dynamics of the board.(iii) His prior vast experience and knowledge in business, both locally and internationally. He is able to offer the essential direction and steer the company to greater heights. Tan Sri Syed Mohd Yusof bin Tun Syed Nasir is an advocate for women's empowerment and gender equality. He offers the female Group employees the guidance they need and imparts knowledge. He also enthusiastically supports the company's efforts in sustainability and corporate social responsibility.
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 of the Board and / Executive Directors are held by different individuals. The Chairman, Tan Sri Syed Mohd Yusof bin Tun Syed Nasir leads the Board with a keen focus on governance and compliance while ensuring its effectiveness whereas the Executive Directors, Mr Siva Kumar Kalugasalam, Dato' Zhang Li and Mr Chow Hung Key ensures effective implementation of the Board's policies, achieves strategic and performance targets, exercises high levels of business judgment, and manages the relationships with stakeholders and the public.</p> <p>The clear distinction between the roles of the Executive Directors and the Chairman of the Board are to ensure a balance of power and authority, making sure that no individual has unfettered decision making power. The distinct and separate roles and responsibilities of the Chairman of the Board and Executive Directors are clearly articulated in the Board Charter which are available on Zen Tech 's website at https://ztech.com.my/corporate-governance/</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: Currently, Tan Sri Syed Mohd Yusof bin Tun Syed Nasir, the Chairman of the Board, is a member of the Remuneration Committee ("RC"), Nomination Committee ("NC"), and Audit Committee ("AC"). It was the Boards opinion that with Tan Sri Syed Mohd Yusof bin Tun Syed Nasir's extensive experience and knowledge gained from being one of the country's prominent Entrepreneur, he can provide more insights and strategic contribution from the regional and global point of view toward AC, RC and NC discussion, particularly in the review of financial statement, remuneration structure, and policy for Executive Directors and Senior Management, talent management, retention and succession planning.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: The Company will review the roles and responsibilities of the Chairman of the Board and Board Committees, to ensure the Chairman of the Board's independence by not being a member of any Board Committees. This is to prevent self-review and risks impairing objectivity in boardroom deliberations on the observations and recommendations given by the Board Committees.
Timeframe	: 2 years

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a suitably qualified and competent Company Secretary in discharging his functions. The Company Secretary play an advisory role to the Board and is qualified under Section 235(2) of the Companies Act 2016 ("the Act"), experienced, and competent in performing their duties.</p> <p>The Board is regularly apprised and advised by the Company Secretary on statutory and regulatory requirements as well as pertinent governance matters. The primary responsibilities of the Company Secretary include:</p> <ul style="list-style-type: none">• advising the Board on matters related to corporate governance and the Listing Requirements of Bursa Malaysia Securities Berhad;• ensuring that the Board procedures and applicable rules are observed;• maintaining records of the Board and ensuring effective management of the Company's statutory records;• preparing comprehensive minutes to document Board proceedings and ensuring conclusions are accurately recorded;• assisting communications between the Board and Management;• providing full access and services to the Board and carrying out other functions as deemed appropriate by the Board from time to time;• preparing agendas and coordinating the preparation of the Board papers; and• serving as the focal point for stakeholders' communication and engagement on corporate governance issues. <p>The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging its functions.</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 1.6

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 Chairman, in agreement with the Executive Directors and the Company Secretary, sets the agenda for the Board meeting. The Chairman ensures that adequate time is allocated for discussion of issues under each agenda tabled to the Board for deliberation. The agenda, the relevant reports and meeting materials are furnished to the Board of Directors at least seven (7) days prior to the meetings to allow Directors sufficient time to peruse the materials, thereby facilitating effective discussion and decision making during the meeting. Exceptions may be made for certain ad hoc or urgent instances when Directors unanimously consent to short notice. The Board has a regular schedule of matters which are typically on the agenda and is reviewed during the year.</p> <p>Board Committees meetings are conducted separately from the Board meeting to enable objective and independent discussion during the meeting.</p> <p>The proceedings of and resolutions passed at each Board and Board Committee meeting are minuted by the Company Secretary and the minutes are circulated within a reasonable timeframe for comments and/or confirmation.</p> <p>The minutes of meetings record the decisions, including key deliberations, the rationale for each decision made, any concerns or dissenting issues, and matters where Directors abstained from voting or deliberation. Minutes of each meeting are kept at the registered office.</p> <p>The Company Secretary are responsible to ensure Board's decisions and recommendations are communicated to the relevant Management. The Company Secretary will also follow up with the Management on the status of actions taken with reference to the previous minutes of meetings for updating to the Board. All action items would be tracked as matters arising in the minutes of meetings until they are resolved.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter sets out the Board's strategic intent, authority and outlines the roles and responsibilities of the Board, Board Committee and individual Director.</p> <p>The Board shall periodically review and update the Board Charter in accordance with the needs of the Company and the Group and any new regulations that may have an impact on the discharge of the Board's responsibility.</p> <p>The Board Charter provides, among others, the following:</p> <p>(a) The respective roles, responsibilities and authorities of the Board (both individual and collectively) such as:</p> <ul style="list-style-type: none">i) Reviewing and approving the overall strategies, business, organisation and significant policies of the Group; andii) Determining the direction of the Group, thereby ensuring the long term success of the Group and the delivery of sustainable value to its stakeholders. <p>(b) Issues and matters reserved for the Board's decisions include the following:</p> <ul style="list-style-type: none">i) Strategies, business plans and annual budget for the Group;ii) Conduct and performance of the Group's businesses;iii) Principal risks affecting the Group's business;iv) Group's internal control systems; andv) Succession planning and talent management plans for the Group. <p>The Board Charter is available on Zen Tech's website at https://ztech.com.my/corporate-governance/</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board and Senior Management are in charge of monitoring the Group's adherence to highest ethical and business standards. In order to achieve this, the Board has created policies and guidelines for Directors and employees that advocates honesty, openness, and justice.</p> <p>The Board of Directors has adopted a Code of Ethics and Conduct for the Group, which serves as a framework for ensuring that the Group operates in accordance with applicable laws and ethical standards. The Board of Directors and all employees of the Company and the Group are committed to following best practises in corporate governance and maintaining the highest levels of integrity and behaviour in all of the Company's and Group's activities, including interactions with customers, suppliers, shareholders, employees, and business partners, as well as within the community and environment in which they operate.</p> <p>Failure to comply with the Code of Ethics and Conduct and all applicable laws, rules, and other policies of the Group is a condition of appointment and/or employment with the Group, and failure to comply may result in the initiation of disciplinary proceedings that may lead to termination of appointment and/or employment.</p> <p>The Code of Ethics and Conduct is available on the Company's website at www.ztech.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 Company has in place a whistle blower policy which outlines the procedures when, how and to whom employees may report and raise in good faith and in confidence, any concern about possible improprieties in matters of financial reporting or other matters. The policy has been disseminated to employees through the usual communication channel of the companies within the Group.</p> <p>The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the person filing the report, as far as possible, be protected from reprisal, harassment or subsequent discrimination.</p> <p>The Whistle-Blowing Policy is frequently reviewed by the Board to ensure it remains relevant and appropriate.</p> <p>The Whistle-Blowing Policy's provisions are accessible for review on the Company website at www.ztech.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, who represents the highest authority in the Group's governance structure, is ultimately accountable for managing sustainability-related issues within the Group.</p> <p>The following summarises the Group Sustainability Governance Structure:</p> <ul style="list-style-type: none"> a) The Sustainability Executive Committee, which is chaired by the Executive Director and supported by the managing directors of each division, provides overall guidance to the Group and reports to the Board. b) Group Sustainability Committee, which coordinates performance discussions and is supported by the Group's relevant departments. It is made up of representatives from the Group and each division. c) Division Sustainability Teams, which are working groups from each division that implement plans, policies, and objectives linked to sustainability. 	
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 is aware of the need to provide informative information on sustainability issues to Zen Tech's internal and external stakeholders.</p> <p>The Company updates stakeholders on its progress toward a sustainable future, including its milestones, strategies, goals, and action plans, using well-established interaction platforms. Additionally, Zen Tech will continue to hold yearly engagement meetings with industry analysts which will also discuss sustainability-related topics.</p> <p>Additionally, Zen Tech will continue to hold yearly engagement meetings with industry analysts which will also discuss sustainability-related topics.</p> <p>Zen Tech has produced a sustainability statement which is included in the annual report and highlights the company's recognised significant sustainability risks, mitigating actions, and opportunities. This statement is consistent with previous financial years.</p> <p>The Bursa Malaysia Sustainability Guide and its related toolkits, as well as the Global Reporting Initiative Standards, serve as guidelines for the creation of the Sustainability Report (Core option).</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	:	During Board meetings, the Board expressed its thoughts and opinions on any sustainability-related concerns facing the Group. All views and opinions expressed by the Board would be addressed by the Sustainability Executive Committee, which would then take these views and opinions into consideration when modifying, amending, or improving the Group's sustainability strategy.	
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	:	The Board has incorporated sustainability as one of the criteria in its performance evaluations of the board members and senior management because it recognises the significance of sustainability in all business operations.	
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	:	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 5.1

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 Board conducts an annual evaluation of the Board's composition through the Nomination Committee ("NC") to determine whether the Board is structured appropriately in terms of factors such as size, diversity, independence, and consistency with the Company's objectives and strategic goals.</p> <p>Using the criteria outlined in the Companies Act 2016, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, and the Malaysian Code on Corporate Governance 2021, the NC evaluates and reviews the tenure of each Director and annual re-election of directors standing for re-election at Annual General Meeting.</p> <p>The NC will continue to conduct yearly evaluations of each Director and examine the necessity of bringing fresh perspectives and skills to the boardroom as required.</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 5.2

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

Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: <p>As at June 2022, the Board had seven members, three of whom—or 42.9%—were INEDs, including the chairman of the Board.</p> <p>The Board considers that there are sufficient procedures in place to ensure that decisions made by the Board are reasonable, efficient, and made with the interests of our Group and all shareholders in mind.</p> <p>These processes include:</p> <ul style="list-style-type: none"> a) A Director who is interested in a resolution must disqualify themselves from consideration of the resolution and refrain from voting. This makes it possible for independent, disinterested Directors to decide on these issues while they are not present. b) A Director who is nominated by or who is a Major Shareholder shall abstain from deliberating and voting at the Board Meeting or circular resolutions and, as applicable, at shareholders' meetings in respect of a related party transaction that involves the interests, direct or indirect, of his/her nominator/major shareholder. This rule applies even though the director is permitted to express his/her opinions. c) In accordance with the Act, Directors are obligated to act in our Company's best interests and owe fiduciary duties to our Company. In particular, Section 217 of the Companies Act 2016 states that a director who was appointed by or in the capacity of a shareholder shall act in the company's best interest and, in the event of a conflict between that duty and his/her duty to his nominator, he/she shall not put his/her duty to the nominator ahead of that duty. d) The Code of Conduct and Ethics for the Group governs directors with regard to compliance, conflicts of interest, stewardship duties, upkeep of accurate records and accounts, confidentiality, and good governance.
<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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>According to the independence guidelines specified in the ACE Market Listing Requirement ("AMLR") of Bursa Malaysia Securities Berhad, the Nomination Committee ("NC") evaluates the independence of Directors on an annual basis. Each Independent Director will evaluate his or her own independence as part of the evaluation process by answering questions on a declaration form that are taken from the AMLR. The NC assesses the declaration and provides the Board with its conclusions for consideration.</p> <p>According to the Board Charter, independent directors may continue serving for as long as they are deemed to be independent and capable of making a positive contribution to the Group, regardless of the number of years already served, subject always to shareholder approval if the total number of years exceeds nine.</p> <p>Dato' Megat Fairouz Junaidi bin Megat Junid is a 13-year Board veteran and an independent non-executive director.</p> <p>Based on the following, the NC and the Board are confident that Dato' Megat Fairouz Junaidi bin Megat Junid will continue to be impartial, objective, and independent:</p> <ul style="list-style-type: none">• He has fulfilled the criteria under the definition of independent director as stated in the AMLR of Bursa Malaysia Securities Berhad and, therefore, is able to bring independent and objective judgment to the Board as a whole;• His experience in the relevant industries has enabled him to provide the Board and Board Committees, as the case may be, with pertinent expertise, skills, contribution and competence;• He has been with the Company for a certain period and therefore understand the Company's business operations which enable him to contribute actively and effectively during

	deliberations or discussions at Board and Committee meetings; and <ul style="list-style-type: none"> • He continues to be scrupulously independent in his thinking and in his effectiveness as constructive challengers of the Executive Directors. 	
<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.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
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 selection of Directors and Senior Management are based on merit and objective criteria that evaluate competency, experience, skills, and abilities. It also considers the Company's goals to be a diverse and inclusive organisation, giving regard to factors such as gender, age, ethnicity, and background.</p> <p>The Nomination Committee plays an important role in ensuring diversity on the Board of Directors, and it considers the following factors before making recommendations to the Board of Directors:</p> <ul style="list-style-type: none">a) When assessing the Board's composition, to evaluate the benefits of boardroom diversity and to choose candidates based on merit and without prejudice;b) As part of the annual performance evaluation on the efficacy of the Board, Board Committees, and individual Directors, to assess the balance of skills, experience, independence, knowledge, and diversity of representation on the Board; andc) To implement the Diversity Policy into effect and track its progress toward achieving these goals. <p>The Board pursues diversity in both the Board level and Senior Management level and recognises a diverse Board in the Company could offer greater depth and breadth compared to non-diverse Board whilst the diversity at Senior Management will lead to better decisions.</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

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 Nomination Committee (“NC”) is in charge of, among other things, independently recommending candidates to the Board for appointments. Through suggestions from the Directors, Management, or other parties/independent sources like headhunters, the selection of candidates for appointment to the Board is made easier. All appointments to the Board will be made on the basis of merit, and candidates will be chosen based in large part on a candidate's ability to juggle the competing time commitments that come with holding multiple board positions as well as a good mix of skills, expertise, experience, and background (while taking diversity and gender into account).</p> <p>The Board works to ensure that it is made up of individuals from a diverse range of backgrounds who have the knowledge and experience to make informed business decisions and recommendations, the capacity to see the wider context and raise helpful concerns, and the ability to move the Company's objectives.</p> <p>In carrying out its obligations in relation to the nomination, selection, and appointment process in the Company, the NC is guided by its Terms of Reference.</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

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	:	The Directors' profile in the Annual Report contains information about the interests, employment, and experience of the Directors. Before making a recommendation to the shareholders for consideration, the Nomination Committee (“NC”) and the Board of Directors evaluate the performance of the retiring directors. The NC evaluates independent directors' relationships with executives that could influence might reasonably be thought to affect—their ability to make an independent decision and act in the best interests of the listed company as a whole.	
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 Nomination Committee is chaired by Dato' Megat Fairouz Junaidi bin Megat Junid, who is a Senior 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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Currently, there is only one (1) female director on the board, Dato Zhang Li, who is an executive director and represents 14.2% of all directors.	
		The Group encourages talented women to management and leadership positions in operations because it recognises the economic impact that women make.	
<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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>In identifying candidates to serve on the Board, the Board places a significant importance on diversity. The Board understands the value of gender diversity in a diverse boardroom. However, maintaining the standard selection criteria based on an effective mixture of abilities, skills, traits, significant experience, and expertise to bolster the Board will continue to be a top priority.</p> <p>As a result, the Board has not established any specific gender diversity goals, but it is dedicated to ensuring inclusivity and diversity in its makeup and decision-making. But women have always been a part of the shortlisting of applicants for positions inside the Group.</p>	
<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 has, through the Nomination Committee (“NC”), conducted the following annual assessments for the financial year ended 30 June 2022:</p> <ul style="list-style-type: none"> • Directors’ self and peer assessment; • Evaluation on the effectiveness of the Board as a whole and Board Committees; and • Assessment of Independent Directors. <p>Based on the outcome of the evaluation, the NC is:</p> <ul style="list-style-type: none"> • Satisfied with the performance of the individual Director; • Satisfied with the effectiveness of the Board and Board Committees; and • Satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest 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

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	:	As a guide for the Board and the Remuneration Committee in determining the compensation of Directors and Key Senior Management of the Company, the Board had established a formal and transparent Directors and Senior Management's Remuneration Policy. This policy takes into account the demands, complexities, and performance of the Company as well as the skills and experience required. A copy of the Remuneration Policy is available in the Company’s website at www.ztech.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

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	:	The Remuneration Committee ("RC") is principally in charge of advising the Board on the compensation packages for the company's executive directors. Additionally, it is in charge of examining and making recommendations to the Board about the Executive Directors' and senior management staff's yearly salaries and bonuses. A copy of the Terms of Reference of the Remuneration Committee is available in the Company's website at www.ztech.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

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The detailed disclosure on named basis for the remuneration of individual directors are provided in the Corporate Governance Overview Statement in the Annual Report 2022.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	Independent Director	120	-	-	-	-	-	120	-	-	-	-	-	-	-
2	Dato' Megat Fairouz Junaidi Bin Megat Junid	Independent Director	60	-	-	-	-	-	60	-	-	-	-	-	-	-
3	Dato' Zhang Li	Executive Director	-	54	228	-	-	-	282	-	-	-	-	-	-	-
4	Mr. Siva Kumar Kalugasalam	Executive Director	-	42	180	-	-	-	220	-	-	-	-	-	-	-
5	Mr. Edwin Silvester Das	Independent Director	60	-	-	-	-	-	60	-	-	-	-	-	-	-
6	Mr. Zhang Yang	Non-Executive Non-Independent Director	60	-	-	-	-	-	60	-	-	-	-	-	-	-
7	Mr. Chow Hung Keey	Executive Director	-	-	84	-	-	-	84	-	-	-	-	-	-	-
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Departure						
Explanation on application of the practice	:							
Explanation for departure	:	<p>The Company respects the confidentiality of the remuneration of the Senior Management in view of the competitive nature of human resource market. Thus, the Company does not have the intention to adopt the recommendation to disclose the details of each member of senior management in bands of RM50,000 on a named basis.</p> <p>However, the Company would endeavour to ensure that the remuneration package of the employees is in line with the industry practices and the annual increments and bonuses pay-out are based on individual performances.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Range of Remuneration (RM)</th> <th style="text-align: left;">Designation of Top Senior Management</th> </tr> </thead> <tbody> <tr> <td>150,001 – 200,000</td> <td style="text-align: center;">-</td> </tr> <tr> <td>200,001 – 250,000</td> <td style="text-align: center;">2</td> </tr> </tbody> </table>	Range of Remuneration (RM)	Designation of Top Senior Management	150,001 – 200,000	-	200,001 – 250,000	2
Range of Remuneration (RM)	Designation of Top Senior Management							
150,001 – 200,000	-							
200,001 – 250,000	2							
<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	:							

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.
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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee ("AC") comprises solely Independent Non-Executive Directors. The AC is chaired by Mr Edwin Silvester Das. The Chairman of the Board is Tan Sri Syed Mohd Yusof bin Tun Syed Nasir.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has adopted the best practice of requiring a cooling-off period of at least three (3) years if a former audit partner is to be recommended for appointment as a member of the Audit Committee ("AC").</p> <p>None of the members of the AC were former audit partners and the Board has no intention of appointing any such person as a member of the AC at this juncture.</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 Audit Committee ("AC") conducted an annual assessment of the suitability, independence, objectivity and professionalism of the external auditors in respect of the financial year ended 30 June 2022.</p> <p>The External Auditors Assessment's criteria includes quality of service, technical competency, communications, objectivity and independence. The AC also considered the feedback obtained from entity personnel who had substantial contact with the external audit team.</p> <p>Based on the assessment's results, the AC was satisfied with the external auditors' exercise of independence, services and overall performance. There were no major concerns from the outcome of the assessment of external auditor. Therefore, the Board approved the AC's recommendation for obtaining shareholders' approval on the re-appointment of SBY Partners PLT as external auditors of the Company at the forthcoming Annual General Meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Applied
Explanation on adoption of the practice	:	The Audit Committee comprises 3 members, all of them are Independent Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman and members of the Audit Committee ("AC") are financially literate with vast experience and skills in accounting and finance as well as other relevant fields of expertise. Their skills, experience and expertise enable them to understand matters under the purview of the AC including the review and interpretation of financial statements.</p> <p>All members of AC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required to enable them to effectively discharge their duties.</p> <p>During the financial year under review, the Company did not recommend any training programmes for AC members due to the Covid-19 outbreak.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its overall responsibilities for establishing an appropriate control environment which should encompass financial, operational and compliance controls as well as a risk assessment and communication frameworks; and for reviewing its adequacy and integrity. The system of internal controls is primarily designed to manage principal risks faced by the Group within an acceptable risk profile, rather than eliminate the risk of failure to achieve the business objectives of the Group. Accordingly, it should be noted that such system is designed to provide reasonable and not absolute assurance against material misstatement or loss.</p> <p>The Group's risk management and internal control is designed to provide reasonable assurance that business objectives are met by embedding management control into daily operations to achieve efficiency, effectiveness and safeguard of assets, ensuring compliance with legal and regulatory requirements, and ensuring the integrity of the Group's financial reporting and its related disclosures.</p> <p>The purpose of the Internal Audit function is to provide the Board, through the Audit Committee, with reasonable assurance of the effectiveness of the risk management, control and governance processes in the Group. To ensure that the responsibilities of Internal Auditors are fully discharged, the Audit Committee reviews the adequacy of the scope, functions and resources of the Internal Audit function as well as the competency of the Internal Auditors.</p> <p>The Internal Auditors also highlighted to the Audit Committee the audit findings which required follow-up action by Management as well as outstanding audit issues which required corrective action to ensure an adequate and effective internal control system within the Group.</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 Statement of Risk Management and Internal Control is included in the Annual Report 2022. The aforementioned Statement gives a thorough overview of the fundamental components of the Group's internal control and risk management systems, including responsibility and authority delegation, planning, monitoring, and reporting procedures and policies.</p> <p>The Board of Directors' and Management's respective roles in safeguarding the risk management and internal control system are also summarised in the Statement of Risk Management and Internal Control.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.3 - 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 appointed an outsourced internal audit service provider to carry out the internal audit function, providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function.</p> <p>The internal audit function's objective is to provide the Board, via the Audit Committee ("AC"), assurance regarding the viability of the Group's internal control system. The internal audit function is autonomous and handles audit tasks with objectivity, competence, and the required level of care.</p> <p>The internal auditor reports only to the AC. The internal auditor's responsibilities include ensuring a regular assessment of the adequacy and reliability of the organization's internal control system. The internal auditor will also be expected to help the Group improve its current framework for risk management and switch to a risk-based strategy. The AC receives periodic reports on the internal audit's evaluation. The internal audit's recommendations and their implementations would be monitored closely.</p> <p>The AC performs an annual evaluation of the Internal Auditors' and concluded that their scope, function, competency, and resources are sufficient. The AC also believed that they had the requisite authority to carry out their duties 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	:	

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had outsourced the Internal Audit function to Vaersa Advisory Sdn. Bhd. Vaersa’s team is headed by Mr. Quincy Gan Hoong Huat (“Mr Quincy”) who holds a Bachelor of Commerce Degree and is a Fellow of the Association of Chartered Certified Accountants (FCCA).</p> <p>The Internal Audit team is made up of 4 personnel headed by Mr Quincy. Mr Quincy has more than 15 years’ experience in internal audit and risk management in international big four audit firm. All the internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.</p> <p>The internal audit work was carried out in accordance with a framework set by a recognised professional body i.e., International Professional Practice Framework issued by Institute of Internal Auditors, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information which signifies a satisfactory conclusion of the internal audit works.</p> <p>The details of the internal audit function are elaborated in the Audit Committee Report of the Annual Report 2022.</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

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

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company is dedicated in providing its stakeholders and the general public access to all material information in a clear, accurate, and timely manner. The Company would always ensure that the disclosure guidelines outlined in the Listing Requirement are complied.</p> <p>General Meetings also offer a productive channel of communication with shareholders, who are invited to take part in the open Q&A portion of the meeting.</p> <p>On the Company's website, the Board has designated specific sections for investor relations and corporate governance, where users can access information such as the Company's regulatory announcements, the Board Charter, and the Company's Annual Report.</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>The Annual Report 2021, which contains the Notice of Sixteenth (16th) Annual General Meeting (“AGM”), was sent to shareholders at least 28 days prior to the date of the meeting to give sufficient time to shareholders to consider the resolutions that will be discussed and decided at the 16th AGM. The Notice of AGM, which sets out the businesses to be transacted at the AGM, was also published in a major local newspaper.</p> <p>The notes to the Notice of AGM also provide detailed explanation for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.</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	:	<p>All Directors attended the Sixteen (16th) Annual General Meeting (“AGM”) held on 30 November 2021.to provide meaningful replies to questions addressed to them.</p> <p>In addition to the Board members, the senior management and the external auditors were present to respond to the shareholders’ queries.</p> <p>All Directors and Chairman of Board Committees, will continue to adhere to the good practice and make every effort to attend the upcoming AGM and future General 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

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>On 30 November 2021, the Company held its Sixteenth (16th) Annual General Meeting (“AGM”), which was conducted virtually using electronic voting and remote participation tools from the broadcast venue.</p> <p>The 16th AGM was broadcasted live, but the shareholders were not permitted to attend in person. During the 16th AGM which was broadcasted live, the shareholders were able required to register for remote participation, submit proxy forms electronically, attend and participate remotely via live streaming, and vote remotely online on the resolutions put forth at the 16th AGM.</p> <p>The Seventeenth (17th) AGM of the Company will also be held virtually using facilities for remote participation and electronic voting from the broadcast venue; specifics will be included in the Administrative Guide and Notice of the 17th AGM 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

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	: During the 16 th AGM held on 30 November 2021, the Board shared with the shareholders on the Group's past year's business performance, strategies and the outlook going forward of the Group. The shareholders were also given opportunities to pose any questions pertaining to financial and non-financial matters via an online platform provided during the 16 th AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.5

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

<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	: Applied
Explanation on application of the practice	: The details of the virtual Sixteenth (16 th) Annual General Meeting (“AGM”) held on 30 November 2021 and guidance on the conduct of 16 th AGM were stated in the Administrative Guide. The shareholders were guided accordingly for their participation in the 16 th AGM. The proceeding of the 16 th AGM was broadcasted live and the shareholders were able to join live streamed AGM via the Remote Participation and Electronic Voting Facilities at https://web.vote2u.my . All relevant questions submitted by the shareholders was read out during the 16 th AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The minutes of Sixteenth (16 th) Annual General Meeting (“AGM”) held on 30 November 2021 were made easily accessible on the group’s website within 30 days upon conclusion of the meeting. This represents the Board’s awareness of the importance of the timely release of general meeting minutes for the perusal of 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	:

**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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