

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0238
COMPANY NAME : CEKD Berhad
FINANCIAL YEAR : August 31, 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.

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| Application | : Applied |
| Explanation on application of the practice | <p>The Board of Directors ("the Board") of CEKD Berhad ("CEKD" or "the Company") is responsible in providing the overall governance, stewardship and oversight for the direction and management of the Company and its subsidiaries (collectively known as "the Group"). The Board sets out the strategic directions and objectives, formulate policies and monitor the execution of the key strategic action plans of the Group. The Board regularly reviews the Group's business operations, management performance and also ensure the necessary resources are in place.</p> <p>In order to ensure a long-term success for the Group so as to protect and enhance shareholders' and stakeholders' interests, the Board has established the Group's vision, mission and motto as follows: -</p> <p style="text-align: center;">Vision</p> <p style="text-align: center;">The Best Die Cutting Solution Provider in Asia Pacific</p> <p style="text-align: center;">Mission</p> <ul style="list-style-type: none"> • Create Value for Customers • Continuous Improvement <p style="text-align: center;">Motto</p> <p style="text-align: center;">Drive Towards Excellence</p> <p>To ensure the Board to discharge its responsibilities in line with the Company's goals and objectives, the Board is guided by the Company's Board Charter. As set out under Item 6 of the Board Charter, the Board should, among others: -</p> <ol style="list-style-type: none"> (i) Exercise care and diligence; (ii) Act in good faith in the best interests of the Company; (iii) Not improperly use his/her position or misuse information of the Company; and |

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| | <p>(iv) Commit the time necessary to discharge effectively his/ her role as a Director.</p> <p>Details of the roles of the Board are specified in Item 6.1 of the Board Charter.</p> <p>In order to discharge the responsibilities effectively, the Board has delegated certain duties and authorities to the Board Committees, namely Audit Committee (“AC”), Nominating Committee (“NC”), Remuneration Committee (“RC”) and Risk Management Committee (“RMC”). Authorities granted and reporting structure of Board Committees are outlined in Item 5 of the Board Charter. Each Board Committee is also guided by the respective Terms of Reference approved by the Board.</p> <p>The Board Charter and Terms of Reference for the various Board Committees are published on the Company’s website at http://www.cekd.com.my/policy-disclosures.</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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is led by the Independent Non-Executive Chairman, Dato' Zulkifli Bin Adnan. The Chairman of the Board is responsible to ensure the Board's overall effectiveness as well as to advocate good corporate governance practices.</p> <p>As per Item 6.2 of the Board Charter adopted by the Company, the duties and functions of the Chairman are clearly set out as follows: -</p> <ul style="list-style-type: none"> ➤ Lead the Board in setting the values and standard of the Company. ➤ Oversee the effective discharge of the Board's supervisory role. ➤ Facilitate the effective contribution of all Directors. ➤ Conduct the Board's function and meetings. ➤ Brief all the Directors in relation to the issues arising at meetings. ➤ Ensure effective communication with shareholders and relevant stakeholders. ➤ Schedule regular and effective evaluations of the Board's performance. ➤ Ensure the provision of accurate, timely and clear information to Directors. ➤ Promote constructive and respectful relations between Board members and between the Board and the Management. <p>The Chairman also plays an active role in the Board meetings to ensure that all Directors are given an opportunity to contribute their opinions and ideas to the discussions and deliberations, and that all matters on the agenda are addressed.</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 | : | |
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Intended Outcome

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

Practice 1.3

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

| Application | : | Applied | | | | | | | | |
|---|--------------------------|---|-------------|----------|------------------------------------|--------------------------|---------------------------|---------------|-------------------|--------------|
| Explanation on application of the practice | : | <p>In CEKD, the positions of the Chairman, Deputy Executive Chairman and Managing Director are held by different individuals as follows: -</p> <table border="1"> <thead> <tr> <th>Designation</th> <th>Director</th> </tr> </thead> <tbody> <tr> <td>Independent Non-Executive Chairman</td> <td>Dato' Zulkifli Bin Adnan</td> </tr> <tr> <td>Deputy Executive Chairman</td> <td>Yap Tian Tion</td> </tr> <tr> <td>Managing Director</td> <td>Yap Kai Ning</td> </tr> </tbody> </table> <p>The roles and responsibilities between the three (3) individuals are clearly distinct and separated in an attempt to promote the balance of power and authority, such that no one individual has unfettered decision-making powers.</p> <p>The Independent Non-Executive Chairman is primarily responsible for the Board's overall effectiveness, particularly to ensure Directors' contribution towards deliberation in Board meetings as well as sound corporate governance being practiced in the Board.</p> <p>In managing the Group's business, the Deputy Executive Chairman is accountable for the Group's overall business strategy and direction, such as the review of major investments, business strategies, major capital expenditure and financial proposals.</p> <p>On the other hand, the Managing Director is entrusted to oversee the implementation of the Group's overall strategic plans and policies in daily operations.</p> <p>The clear lines of responsibilities between the Chairman, Deputy Chairman and Executive Directors are stated in the Board Charter, which is available on the Company's website at http://www.cekd.com.my/corporate-governance.</p> | Designation | Director | Independent Non-Executive Chairman | Dato' Zulkifli Bin Adnan | Deputy Executive Chairman | Yap Tian Tion | Managing Director | Yap Kai Ning |
| Designation | Director | | | | | | | | | |
| Independent Non-Executive Chairman | Dato' Zulkifli Bin Adnan | | | | | | | | | |
| Deputy Executive Chairman | Yap Tian Tion | | | | | | | | | |
| Managing Director | Yap Kai Ning | | | | | | | | | |
| Explanation for departure | : | | | | | | | | | |
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Intended Outcome

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

Practice 1.4

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

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| <i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i> | |
| Application : | Departure |
| Explanation on application of the practice : | |
| Explanation for departure : | <p>The Independent Non-Executive Chairman, Dato' Zulkifli Bin Adnan, has relinquished his role as the Chairman of NC as well as a member of AC and RC effective 16 December 2021.</p> <p>However, with the consent and invitation from the AC, Dato' Zulkifli Bin Adnan has attended all the AC meetings subsequent to his cessation as a member of the AC.</p> <p>His attendance in the said AC meetings were solely to provide recommendations or inputs on the issues discussed, taking into consideration of his experience acting as Chairman/members of the respective Board Committee. He did not participate in the decision-making of resolutions, proposal and matters tabled for approval during the meetings, hence his attendance did not impair the objectivity of the AC.</p> <p>Nevertheless, the Board Committees of the Company will apply the best practice under the MCCG and to consider to update and seek input from the Chairman of the Board during the Board Meeting instead of inviting the Chairman to join the Board Committees meeting, moving forward in order to promote a higher level of integrity, objectivity and independency of discussions during the respective meeting.</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

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

Practice 1.5

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

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| Application | : Applied |
| Explanation on application of the practice | <p>The Board is supported by two (2) suitably qualified and competent company secretaries, namely Ms. Teo Soon Mei ("Ms. Teo") and Ms. Lim Jia Huey ("Ms. Lim") for the financial year ended 31 August 2022 ("FYE 2022"). Both company secretaries have fulfilled the requisite credentials and are qualified under Section 235(2)(a) of the Companies Act 2016.</p> <p>Ms. Teo is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") (Chartered Secretary and Chartered Governance Professional), an Associate member of the Institute of Internal Auditors of Malaysia ("IIA Malaysia") and holds a Master of Corporate Governance with more than 25 years of corporate secretarial experience. She has vast knowledge to support the Board in carrying out its fiduciary duties and leadership role in shaping the Group's corporate governance standard. Currently, Ms. Teo also serves as the company secretary of several other listed companies in Malaysia.</p> <p>Ms. Lim is an Associate member of the MAICSA (Chartered Secretary and Chartered Governance Professional). She has more than ten (10) years of experience in handling corporate secretarial matters, with practical knowledge in various industries. Currently, Ms. Lim is also the company secretary of several other listed companies in Malaysia.</p> <p>The company secretaries play an essential advisory role to the Board in relation to the Company's administrative, governance and meeting proceedings. They are primarily responsible to ensure that the Company and the Group complies to all applicable legal and corporate governance standards.</p> <p>During FYE 2022, guided by Item 4 of the Board Charter, the company secretaries have discharged their roles and duties properly as follows: -</p> <ul style="list-style-type: none">(i) Maintain the Group's statutory records, registers and documents in a proper manner to assist the Board in discharging its fiduciary responsibilities in accordance with good corporate governance practice;(ii) Coordinate all Board and Board Committee meeting logistics, attend, record minutes and facilitate Board communications; |

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| | <ul style="list-style-type: none"> (iii) Advise the Board on its roles and responsibilities, corporate disclosures as well as on procedural and regulatory requirements and ensure compliance therewith; (iv) Regularly update on new statutory and regulatory requirements; (v) Communicate with regulatory bodies and attend to the necessary filings; (vi) Facilitate the orientation of new Directors and assist in Directors' training and development; (vii) Manage processes pertaining to the general meetings; (viii) Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and (ix) Facilitate stakeholders' communication. <p>The company secretaries had and will continue to keep themselves abreast with the latest regulatory and corporate governance developments through continuous training and industry updates. They have also attended various relevant continuous professional development throughout FYE 2022.</p> <p>The Board is satisfied with the service and level of support rendered by the company secretaries to the Board in the discharge of the Board's functions in FYE 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 : | |
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Intended Outcome

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

Practice 1.6

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>In CEKD, all Board and Board Committee meetings are scheduled in advance to enable all Directors to reserve their dates to attend the scheduled meetings.</p> <p>In order to have a sound and timely information flow to Directors, Board papers including the meeting agenda, minutes of previous meetings and other relevant supporting documents are circulated to the Directors at least seven (7) days prior to the scheduled meeting. This shall enable all Directors to have sufficient time to peruse and consider on the matters to be discussed and, if necessary, to obtain further information in order to facilitate their decision-making process during the meeting.</p> <p>In addition, all Board and Board Committee meetings are convened separately in an effort to promote a higher level of integrity, objectivity and independency of discussions during the meeting.</p> <p>All Directors have full and unrestricted access to all information relating to the Group's business and affairs. On the Board's discretion, they can invite senior management or external parties as and when necessary to facilitate their decision-making process and effective discharge of duties and responsibilities.</p> <p>All matters raised, discussions, deliberations, decisions and conclusions made during the Board meetings will be properly documented by the company secretaries and reviewed by the Board for completeness and accuracy in a timely manner, thereafter to confirm at the following meeting. Minutes and Resolutions signed are kept at the Company's Registered Address.</p> <p>The relevant provisions governing the notices of meeting and Board papers are set out in item 7.3 of the Company's Board Charter.</p> |
| Explanation for departure | : | |
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| Measure : | | |
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Intended Outcome

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

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

Practice 2.1

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established and adopted a Board charter which serves as a formal source of reference for the Board and Board Committees of the Company to discharge their duties effectively.</p> <p>The Board Charter has outlined the following core areas: -</p> <ul style="list-style-type: none">(i) Board structure;(ii) Company secretary;(iii) Board committees;(iv) Roles and responsibilities of the Board, Chairman/ Deputy Chairman, Executive Directors, Independent Non-Executive Directors;(v) Board procedures;(vi) The Board's relationship with shareholders and investors;(vii) Corporate disclosures; and(viii) Review of Board Charter. <p>The Board Charter is annually reviewed and/or as required in order to remain consistent with the Board's objectivities and responsibilities as well as the latest regulatory compliance requirements.</p> <p>The Board Charter is published on the Company's website for public's reference at http://www.cekd.com.my/policy-disclosures.</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> | | |
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Intended Outcome

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

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

Practice 3.1

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 | | | | | | | | | | | | | | | | |
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| Explanation on application of the practice | <p>The Company has adopted the Code of Conduct and Ethics ("the Code") to cultivate ethical business conduct across the Group. Professionalism, honesty and integrity shall be upheld by the Group in business dealings at all times.</p> <p>The Code has set out the policies and procedures for ethical dealings, which cover the following key areas: -</p> <table border="1" data-bbox="560 1115 1407 1617"> <thead> <tr> <th data-bbox="560 1115 986 1151">Employee Conduct</th> <th data-bbox="986 1115 1407 1151">Business Conduct</th> </tr> </thead> <tbody> <tr> <td data-bbox="560 1151 986 1227">➤ Discrimination and harassment</td> <td data-bbox="986 1151 1407 1227">➤ Dealing with external parties</td> </tr> <tr> <td data-bbox="560 1227 986 1330">➤ Fraud, protection of the Group's assets and accounting</td> <td data-bbox="986 1227 1407 1263">➤ Money laundering</td> </tr> <tr> <td data-bbox="560 1330 986 1406">➤ Outside directorship and other outside activities</td> <td data-bbox="986 1263 1407 1299">➤ Bribery and corruption</td> </tr> <tr> <td data-bbox="560 1406 986 1442">➤ Conflict of interest</td> <td data-bbox="986 1299 1407 1375">➤ Gifts, entertainment and others</td> </tr> <tr> <td data-bbox="560 1442 986 1478">➤ Confidentiality</td> <td></td> </tr> <tr> <td data-bbox="560 1478 986 1514">➤ Insider trading</td> <td></td> </tr> <tr> <td data-bbox="560 1514 986 1617">➤ Family and relative of employees</td> <td></td> </tr> </tbody> </table> <p>The Company has also put in place an Anti-Bribery and Anti-Corruption Policy ("ABC Policy") pursuant to the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018). In line with the Group's zero-tolerance policy against all kinds of bribery and corruption, the ABC Policy provides principles and guidance on how to address bribery and corruption activities and issues in the event of occurrence.</p> <p>Both the Code and ABC Policy are available on the Company's website at http://www.cekd.com.my/policy-disclosures.</p> | Employee Conduct | Business Conduct | ➤ Discrimination and harassment | ➤ Dealing with external parties | ➤ Fraud, protection of the Group's assets and accounting | ➤ Money laundering | ➤ Outside directorship and other outside activities | ➤ Bribery and corruption | ➤ Conflict of interest | ➤ Gifts, entertainment and others | ➤ Confidentiality | | ➤ Insider trading | | ➤ Family and relative of employees | |
| Employee Conduct | Business Conduct | | | | | | | | | | | | | | | | |
| ➤ Discrimination and harassment | ➤ Dealing with external parties | | | | | | | | | | | | | | | | |
| ➤ Fraud, protection of the Group's assets and accounting | ➤ Money laundering | | | | | | | | | | | | | | | | |
| ➤ Outside directorship and other outside activities | ➤ Bribery and corruption | | | | | | | | | | | | | | | | |
| ➤ Conflict of interest | ➤ Gifts, entertainment and others | | | | | | | | | | | | | | | | |
| ➤ Confidentiality | | | | | | | | | | | | | | | | | |
| ➤ Insider trading | | | | | | | | | | | | | | | | | |
| ➤ Family and relative of employees | | | | | | | | | | | | | | | | | |

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| Explanation for departure : | | |
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| 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>To support the implementation of the Code and ABC Policy, the Board has formalised and adopted a Whistleblowing Policy which serves as guidelines for all Directors, employees and stakeholders to raise their concerns on any unethical behaviour, malpractices, illegal acts and/or failure to comply with applicable laws, internal policy, rules and regulations.</p> <p>In the event if there is a reasonable belief or suspicion of any malpractice or misconduct within the Group, the whistleblower is advised to make report and address to the Chairman of RMC via the following channels: -</p> <ul style="list-style-type: none">(i) Post to 10, Jalan 1/137B, Resource Industrial Centre, Batu 5, Jalan Kelang Lama, 58200 Kuala Lumpur, Malaysia; or(ii) Email to admin@cekd.com.my. <p>Upon receiving written complaint or allegation of misconduct, RMC shall set up an investigation team for investigation. Such investigation process shall be conducted in a confidential, fair and impartial manner.</p> <p>In accordance with the Whistleblower Protection Act 2010, all whistleblowers who report in good faith shall be protected and not to be at the risk of any kind of reprisal, threat, harassment, retribution, or victimisation (“detrimental action”) due to their disclosure. Any detrimental action against the genuine whistleblower, which if proven, is a serious breach of the Whistleblowing Policy and shall be subject to disciplinary action, which may lead to suspension without pay or dismissal, as the case may be.</p> <p>The Whistleblowing Policy is accessible on the Company’s website at http://www.cekd.com.my/policy-disclosures.</p> <p>During FYE 2022, the Group has not received any report made by any whistleblower.</p> |
| Explanation for departure | : | |

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

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

Practice 4.1

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

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board acknowledges the rising significance of sustainability in business management and hold on to the ultimately responsible for the Group's sustainability management, including setting and overseeing the Group's sustainability strategies, priorities and targets.</p> <p>In order to address the Group's sustainability risks and opportunities, the RMC and the Board have carried out an annual material matters assessment, which enabled the Group to identify, assess and prioritise the risks and opportunities within the economic, environmental, social and governance ("EESG") context. The Board has then formulated and developed the Group's sustainable strategies with reference to the seventeen (17) Sustainable Development Goals ("SDGs") introduced by the United Nations Member States in 2015.</p> <p>In FYE 2022, the Board has identified twelve (12) key sustainability focus areas and mapped with six (6) relevant SDGs when developing the Group's sustainability strategies. Each material sustainability matter has also been set with respective target in building small steps towards the ultimate sustainability goal.</p> <p>The Group's sustainability strategies and efforts in addressing the material risks and opportunities are illustrated in the Sustainability Statement 2022 within the 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> | | |

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Intended Outcome

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

Practice 4.2

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | The Board is cognisant of having regular engagement with both internal and external stakeholders when formulating the Group sustainability strategies, priorities, targets. Such communications enabled the Board to gain a better understanding of the needs and expectations of the stakeholders so as to facilitate the strategic planning process. Upon strategising the Group's sustainability strategies and targets, such strategies and targets are communicated across to all employees by our respective Head of Departments ("HODs"). The Company has also reported the Group's stakeholders' engagements, material matters assessment, sustainability strategies, targets as well as performance in the Sustainability Statement 2022 within the Annual Report. | |
| 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 | : | | |
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Intended Outcome

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

Practice 4.3

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>In order to stay abreast with the latest sustainability trend and issues, NC assumes the responsibility to ensure all Directors have undergone appropriate and relevant training programmes.</p> <p>All Directors have attended a sustainability-related online seminar, namely the Climate Change 2022: Risk, Adaption and Mitigation Implications and Way Forward training programme held by the Committee on Climate Change and Disaster Risk Reduction of the Academy of Sciences Malaysia and Climate Governance Malaysia on 19 May 2022.</p> <p>NC will continue to identify and recommend suitable sustainability-related training programmes for the Board to ensure that they are well-informed with the latest sustainability development.</p> <p>Meanwhile, RMC is also entrusted to assist the Board in assessing and identifying any emerging sustainability risks that are relevant to the Group.</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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>To promote the Board’s accountability towards the Group’s sustainability management, NC has included the governance of sustainability as an additional performance evaluation criterion for the Board in FYE 2022.</p> <p>Such criteria encompass several considerations surrounding sustainability management, including the performance of the Board and Senior Management to oversee and support the implementation of sustainability strategies within environment, social and governance (“ESG”) context, development of sustainability program, monitoring of SDG progress, as well as knowledge in relation to the sustainability risks and opportunities that the Group exposes to.</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 | : | | |
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Intended Outcome

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

Practice 4.5- Step Up

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

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

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| 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>As per Item 4(o) of the Terms of Reference of the NC, NC is responsible to review Board composition as well as the tenure of each Director. NC is tasked to determine the need of bringing new skills and perspective to the boardroom in order to enhance the Board's effectiveness as a whole.</p> <p>Board mixture and composition was one of the criteria in assessing and evaluation the Board's performance in FYE 2022. In this regard, NC is satisfied that the current Board possessed the right mix and composition to grow the business while protecting shareholders' and other stakeholders' interests.</p> <p>NC has also reviewed the tenure of each Director and recommended to the Board for the re-election of the following Directors who are due for retirement at the forthcoming fifth (5th) Annual General Meeting ("AGM"):</p> <ul style="list-style-type: none">(i) Dato' Zulkifli Bin Adnan who retires by rotation pursuant to Clause 84 of the Company's Constitution;(ii) Ms. Yap Kai Ning who retires by rotation pursuant to Clause 84 of the Company's Constitution; and(iii) Ms. Yap Kai Min, who newly appointed, pursuant to Clause 91 of the Company's Constitution <p>Further to the annual assessment, NC is of the opinion that the abovementioned directors are fit and proper and their performance have been satisfactory in view of their efforts and contributions towards the Group. Thus, upon recommendation by the NC, the Board has resolved and approved to propose for the re-election of Dato' Zulkifli Bin Adnan, Ms. Yap Kai Ning and Ms. Yap Kai Min as the Directors of the Company at the forthcoming 5th AGM for shareholders' approval.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |

| | | | |
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| 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 | : | <p>As at 31 August 2022, the Board comprises seven (7) members, of which four (4) of them are Independent Non-Executive Directors, including: -</p> <ul style="list-style-type: none">(i) Dato' Zulkifli Bin Adnan;(ii) Mr. Chong Chin Look;(iii) Datuk Mak Foo Wei; and(iv) Ms. Choo Yem Kuen. <p>As such, the Board has in place a majority of independent directors to support an objective and independent decision-making process in the boardroom so as to better safeguard the interest of our shareholders and other stakeholders.</p> <p>NC is responsible to assess the independence of the independent directors on annual basis to ensure the independent directors are independent, can exercise objective judgement and able to act in the best interest of the Company, the Group, shareholders and other stakeholders.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.3

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

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

| Application | : | Applied | | | | | | | | | | | | | | | | | | | | |
|---|------------------|--|-----------|------------------|---------|-----------|--------------------------|----------|--|---|-----------------|----------|--|---|-------------------|----------|--|---|---------------|------------|---|--|
| Explanation on application of the practice | : | <p>To-date, none of the present Independent Non-Executive Directors has served the Company for more than a cumulative term of nine (9) years. As at 31 August 2022, the tenure of each Independent Director is as follows: -</p> <table border="1"> <thead> <tr> <th>Directors</th> <th>Appointment Date</th> <th><1 Year</th> <th>1-3 Years</th> </tr> </thead> <tbody> <tr> <td>Dato' Zulkifli Bin Adnan</td> <td>7/2/2020</td> <td></td> <td>✓</td> </tr> <tr> <td>Chong Chin Look</td> <td>7/2/2020</td> <td></td> <td>✓</td> </tr> <tr> <td>Datuk Mak Foo Wai</td> <td>7/2/2020</td> <td></td> <td>✓</td> </tr> <tr> <td>Choo Yem Kuen</td> <td>16/12/2021</td> <td>✓</td> <td></td> </tr> </tbody> </table> <p>In accordance with Item 4(j) of the Terms of Reference of NC, in the event if the Board intends to retain an independent director who has served more than nine (9) years, NC shall evaluate his/her independence and, if deemed appropriate for continuance in the office, NC shall provide justification to the Board and seek for shareholders' approval through a two-tier voting process at the AGM.</p> <p>In addition, in accordance with item 3.4 of the Board Charter, the tenure of the Independent Directors shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue, to serve on the Board subject to the Directors' re-designation as a Non-Independent Director. In the event the Board intends to retain the Independent Director as an Independent Director after serving a cumulative term of nine (9) years, shareholders' approval will be sought, subject to the assessment of their independence by the NC.</p> | Directors | Appointment Date | <1 Year | 1-3 Years | Dato' Zulkifli Bin Adnan | 7/2/2020 | | ✓ | Chong Chin Look | 7/2/2020 | | ✓ | Datuk Mak Foo Wai | 7/2/2020 | | ✓ | Choo Yem Kuen | 16/12/2021 | ✓ | |
| Directors | Appointment Date | <1 Year | 1-3 Years | | | | | | | | | | | | | | | | | | | |
| Dato' Zulkifli Bin Adnan | 7/2/2020 | | ✓ | | | | | | | | | | | | | | | | | | | |
| Chong Chin Look | 7/2/2020 | | ✓ | | | | | | | | | | | | | | | | | | | |
| Datuk Mak Foo Wai | 7/2/2020 | | ✓ | | | | | | | | | | | | | | | | | | | |
| Choo Yem Kuen | 16/12/2021 | ✓ | | | | | | | | | | | | | | | | | | | | |
| 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> | | | | | | | | | | | | | | | | | | | | | | |

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| 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 Board recognises the importance of having a diverse Board with an appropriate mix of skills, professional experience, age, gender, cultural background and ethnicity to develop a wider pool of perspectives and ideas to support the Group's sustainable business development.</p> <p>NC is responsible to assess and recommend suitable potential candidates to the Board if any vacancy arises. NC is guided by Item 9 of its Terms of Reference as well as the Company's Directors' Fits and Proper Policy for the prescribed criteria to be considered when recommending a suitable candidate for director appointment.</p> <p>The NC, had on 1 December 2021, assessed, considered and recommended to the Board for the appointment of Ms. Choo Yem Kuen as the Independent Non-Executive Director of the Company. The Board has then appointed Ms. Choo Yem Kuen as the additional woman director on the Board so as to support the Board's diversity.</p> <p>Currently, the Board consists of a diverse profession from various fields, ranging from experienced senior public services to manufacturing, accounting and legal background. As a whole, the Board possesses a wide range of competencies, capabilities, technical skills and relevant working experience to ensure a well-functioning organisation and sustainable development of the Group.</p> <p>In addition, NC has reviewed the sufficiency of time commitment of all Directors during FYE 2022. As a result, NC is of the view that all Directors have devoted adequate time commitment to serve the Board and the Company with their full attendance in all Board and Board Committee meetings as well as the fourth (4th) AGM.</p> |
| Explanation for departure | : | |
| | | |

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

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| 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 | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>During FYE 2022, the Board and NC has mainly relied on the recommendation from the Management for the appointment of Ms. Choo Yem Kuen as an Independent Non-Executive Director on 16 December 2021. The Board was of the opinion that this may speed up the appointment process.</p> <p>Despite relying on recommendation from the Management for the identification of potential candidates, NC has considered and carried out the following measures to ensure an objective and independent review for the appointment of director: -</p> <ul style="list-style-type: none">(i) NC has conducted the selection and evaluation procedures in accordance to the prescribed criteria irrespective the candidate was recommended by the Management;(ii) The Board had only proceeded to consider and discuss the appointment of Ms. Choo Yem Kuen upon receiving the recommendation from the NC; and(iii) The Management who has recommended Ms. Choo Yem Kuen as the candidate, was not participated in the selection and evaluation process. <p>Nevertheless, as guided by the Terms of Reference, NC would not hesitate to utilise independent sources to identify suitably qualified candidates for Board appointment moving forward.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |

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| 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 5.7

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>In accordance to the the Company's Constitution, the following Directors are due for retirement and eligible to have offered themselves for re-election at the forthcoming 5th AGM: -</p> <ul style="list-style-type: none">(i) Dato' Zulkifli Bin Adnan (Clause 84); and(ii) Ms. Yap Kai Ning (Clause 84); and(iii) Ms. Yap Kai Min (Clause 91) <p>Such resolution is described in the Statement Accompanying Notice of AGM which is attached to the Company's Annual Report for the shareholders' perusal and consideration. Shareholders are well informed with the information of the abovementioned Directors in the Board of Directors' Profile section in the 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

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 | : | <p>NC is chaired by Ms. Choo Yem Kuen, an Independent Non- Executive Director of the Company. During FYE 2022, Ms. Choo Yem Kuen has been appointed to replace Dato’ Zulkifli Bin Adnan (the Chairman of the Board) to be the Chairperson of NC in order to uphold the best corporate governance practice as per the Malaysian Code on Corporate Governance 2021 (“MCCG”).</p> <p>In CEKD, NC is solely made up by all Independent Non-Executive Directors, set out as follows: -</p> <table border="1"> <thead> <tr> <th>Designation</th> <th>Director</th> <th>Directorship</th> </tr> </thead> <tbody> <tr> <td>Chairperson</td> <td>Choo Yem Kuen <i>(Appointed on 16/12/2021)</i></td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Chairman</td> <td>Dato’ Zulkifli Bin Adnan <i>(Ceased on 16/12/2021)</i></td> <td>Independent Non-Executive Chairman</td> </tr> <tr> <td>Member</td> <td>Datuk Mak Foo Wei</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Member</td> <td>Chong Chin Look</td> <td>Independent Non-Executive Director</td> </tr> </tbody> </table> | | Designation | Director | Directorship | Chairperson | Choo Yem Kuen <i>(Appointed on 16/12/2021)</i> | Independent Non-Executive Director | Chairman | Dato’ Zulkifli Bin Adnan <i>(Ceased on 16/12/2021)</i> | Independent Non-Executive Chairman | Member | Datuk Mak Foo Wei | Independent Non-Executive Director | Member | Chong Chin Look | Independent Non-Executive Director |
| Designation | Director | Directorship | | | | | | | | | | | | | | | | |
| Chairperson | Choo Yem Kuen <i>(Appointed on 16/12/2021)</i> | Independent Non-Executive Director | | | | | | | | | | | | | | | | |
| Chairman | Dato’ Zulkifli Bin Adnan <i>(Ceased on 16/12/2021)</i> | Independent Non-Executive Chairman | | | | | | | | | | | | | | | | |
| Member | Datuk Mak Foo Wei | Independent Non-Executive Director | | | | | | | | | | | | | | | | |
| Member | Chong Chin Look | Independent Non-Executive Director | | | | | | | | | | | | | | | | |
| Explanation for departure | : | | | | | | | | | | | | | | | | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | | | | | | | | | | | | | | | | | |
| Measure | : | | | | | | | | | | | | | | | | | |
| Timeframe | : | | | | | | | | | | | | | | | | | |

Intended Outcome

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>As at 31 August 2022, there are two (2) female Directors on the Board, namely Ms. Yap Kai Ning and Ms. Choo Yem Kuen, representing a 33% of female Board representation.</p> <p>Further, on 25 October 2022, Ms. Yap Kai Min has been appointed to the Board as a female Executive Director. This has enriched the Board with greater diversity of perspectives by having an increased present of female Board representation to 43%.</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 | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | Currently, the Board has not formalised any gender diversity policy for the Board and Senior Management. The Board is of the view that gender shall not be a pre-requisite to the directorship of the Company, instead, the appointment of director shall be based on objective merited considerations, such as qualifications, competency, integrity, character, time commitment and relevant experience of the potential candidates. | |
| | : | Nevertheless, the Board is supportive of gender diversity by having three (3) female Director in the present Board, namely Ms. Yap Kai Ning, Ms. Choo Yem Kuen and Ms. Yap Kai Min. The Board's current female representation has increased to 43%. | |
| | : | To prevent any ineffective appointment of director, the Board does not set any specific target on gender. However, the Board promotes gender diversity across the Group. For future vacancy, a suitably qualified woman candidate who can bring value, skills and expertise shall be given equal considerations as compared to man candidate. | |
| <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, via NC, has undertaken an annual performance evaluation to assess the effectiveness of the Board as a whole, the Board Committees as well as the contribution and performance of each individual director.</p> <p>The evaluation was conducted on the basis of both self-evaluation and peers' evaluation in digital format. The conduct of performance evaluation was facilitated by the company secretaries. The Board did not engage any external party as the Board is of the view that the current evaluation framework is effective.</p> <p>The content of the evaluation was customised and decided by the Board that involved a series of relevant assessment criteria, as follows: -</p> <p><u>Performance Evaluation for the Board and Board Committees</u></p> <ul style="list-style-type: none">(i) Board mix and composition;(ii) Board's relationship with the Management;(iii) Quality of information and decision making of the Board;(iv) Boardroom activities;(v) Governance of sustainability;(vi) Board Committees' evaluation;(vii) Right composition of the Board Committees;(viii) Provision of useful recommendations by the Board Committees;(ix) Discharging responsibilities, deploying resources and expertise, and providing appropriate reporting and recommendations of the Board Committees;(x) Appointments based on appropriate criteria;(xi) Candidate consideration;(xii) Communication quality of the Board Committees;(xiii) Meeting minutes of the Board Committees; and(xiv) Board Committees' deliberations communication. |

| | |
|---|---|
| | <p><u>Performance Evaluation for Individual Director</u></p> <p>(i) Contribution to interaction; (ii) Knowledge; (iii) Quality of input; (iv) Understanding of role; and (v) The role of Board Chairman and the Managing Director.</p> <p><u>Assessment of the Effectiveness of the AC as a Whole</u></p> <p>The NC has also reviewed the terms of office and effectiveness of the AC as whole and the performance of individual AC members. Based on the evaluation conducted for the FYE 2021, the NC was satisfied with the performance of the Board as a whole and its committees, individual Board member and AC. All the Directors and Board Committees provided anonymous feedback on their peers' performance and individual performance contribution to the Board and respective Committees.</p> <p>Based on the performance evaluation for FYE 2022, the overall performance of the Board, Board Committees and individual directors are satisfactory. It was concluded that the Board, Board Committees and all Directors have adequately and sufficiently discharged their duties and responsibilities by bringing their knowledge and experience to the Company.</p> <p>NC has also reviewed the Company's current practices against the best practices advocated by the MCCG 2021. In this regard, the Board has reached the gender diversity requirement of having at least 30% female Board representation.</p> <p>However, the Board has yet to establish a gender policy for the Board and Senior Management. Moving forward, the Board will focus on reviewing and addressing the aforementioned issue in order to ensure the Board's overall effectiveness, gender diversity and in so doing, it aims to achieve the best corporate governance and further enhance the corporate value.</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

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>On 24 January 2022, the Board via RC has established a formal Remuneration Framework which sets out the principles, structure, policies and procedures to determine the remuneration packages of Directors and Senior Management. Such remuneration packages are aimed to be competitive, adequate but not excessive, and in line with the current market practices to attract, retain, motivate and reward the Directors and Senior Management in order to achieve the Group's business goals.</p> <p><u>Non-Executive Directors</u> Remuneration for Non-Executive Directors is designed to reflect their experience, competence, level of responsibilities, time commitment and the feedback from the annual evaluation undertaken. Generally, the remuneration package shall comprise Director fees, meeting allowance and other benefits-in-kind such as insurance coverage and business travel.</p> <p><u>Executive Directors and Senior Management</u> Both remuneration for Executive Directors and Senior Management are designed to link with the Group's performance and the achievement of their annual Key Performance Indicators ("KPI"). Remuneration package for the Executive Directors shall be made up of base salary, Director fees, allowance, bonus and other benefits-in-kind such as medical benefits and insurance coverage.</p> <p>On the other hand, Senior Management's remuneration package shall contain the base salary, allowance, bonus and other benefits-in-kind, similar to that of Executive Directors.</p> <p>The remuneration framework is published on the Company's website at http://www.cekd.com.my/policy-disclosures. This policy will be</p> |

| | | |
|--|---|--|
| | reviewed periodically or as and when necessary to ensure its relevance and effectiveness in line with the latest business and regulatory development. | |
| 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>RC, as delegated by the Board, is tasked to review and recommend appropriate remuneration packages for Directors and Senior Management in line with the Company's Remuneration Framework as well as the Group's business strategies and long-term objectives.</p> <p>RC, comprising exclusively of Independent Non-Executive Directors, is governed by its Terms of Reference, which is published on the Company's website at http://www.cekd.com.my/policy-disclosures.</p> <p>Amongst others, RC is authorised to perform the following: -</p> <ul style="list-style-type: none">(i) Implement policies and procedures on remuneration including reviewing and recommending matters in relation to the remuneration, fee and other benefits of the Board and Senior Management;(ii) Ensure that all Directors and Senior Management are fairly rewarded for their individual contribution to the Company's overall performance and that the remuneration commensurate with the level of executive responsibility and is appropriate in light of the Group's performance; and(iii) Ensure that the level and composition of remuneration of Directors and Senior Management can retain the right talent in the Board and Senior Management to drive the Group's long-term objective. <p>RC shall meet at least once a year to deliberate on the remuneration affairs of all Directors and Senior Management. All Directors had abstained themselves from the deliberations and voting in respect of their respective remuneration.</p> |

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| Explanation for departure : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| 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 for the FYE 2022, on named basis, with remuneration breakdown is shown in the table below. |

| No | Name | Directorate | Company ('000) | | | | | | | Group ('000) | | | | | | |
|----|--|----------------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|
| | | | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total |
| 1 | Dato Zulkifli Bin Adnan | Independent Director | 60.0 | 2.0 | - | - | - | - | 62.0 | 60.0 | 2.0 | - | - | - | - | 62.0 |
| 2 | Chong Chin Look | Independent Director | 42.0 | 2.0 | - | - | - | - | 44.0 | 42.0 | 2.0 | - | - | - | - | 44.0 |
| 3 | Datuk Mak Foo Wei | Independent Director | 42.0 | 2.0 | - | - | - | - | 44.0 | 42.0 | 2.0 | - | - | - | - | 44.0 |
| 4 | Choo Yem Kuen (Appointed on 16/10/2021) | Independent Director | 29.8 | 2.0 | - | - | - | - | 31.8 | 29.8 | 2.0 | - | - | - | - | 31.8 |
| 5 | Yap Tian Tion | Executive Director | - | - | - | - | - | - | - | - | - | 174.3 | 250.0 | - | 47.8 | 472.1 |
| 6 | Yap Kai Ning | Executive Director | - | - | - | - | - | - | - | - | - | 164.4 | 135.9 | - | 50.2 | 350.5 |
| 7 | Yap Kai Min (Appointed on 25/10/2022) | Executive Director | - | - | - | - | - | - | - | - | - | 30.0 | 20.0 | - | 34.0 | 84.0 |
| 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 |

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|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 12 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 13 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 14 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 15 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |

Intended Outcome

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

Practice 8.2

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

| Application | : | Departure | | | | | | | | |
|--|-----------------------------|--|-----------------------|-----------------------------|-----------------------|---|------------------------|---|------------------------|---|
| Explanation on application of the practice | : | | | | | | | | | |
| Explanation for departure | : | <p>The Company is of the view that disclosure of the top five (5) Senior Management's remuneration on named basis may not be in the best interest of the Company, having considered that such disclosure may cause talent retention issue especially in the highly competitive industry.</p> <p>Nonetheless, the Board believes that the following disclosure of Senior Management's remuneration in the bands of RM50,000 on unnamed basis is sufficient to comply with the Malaysian Financial Reporting Standards so as to fulfil the objective of the Practice 8.2 of MCCG: -</p> <table border="1"><thead><tr><th>Range of Remuneration</th><th>Number of Senior Management</th></tr></thead><tbody><tr><td>RM50,000 to RM100,000</td><td>-</td></tr><tr><td>RM100,000 to RM150,000</td><td>-</td></tr><tr><td>RM150,000 to RM200,000</td><td>2</td></tr></tbody></table> | Range of Remuneration | Number of Senior Management | RM50,000 to RM100,000 | - | RM100,000 to RM150,000 | - | RM150,000 to RM200,000 | 2 |
| Range of Remuneration | Number of Senior Management | | | | | | | | | |
| RM50,000 to RM100,000 | - | | | | | | | | | |
| RM100,000 to RM150,000 | - | | | | | | | | | |
| RM150,000 to RM200,000 | 2 | | | | | | | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | | | | | | | | |
| Measure | : | | | | | | | | | |
| Timeframe | : | | | | | | | | | |

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

Intended Outcome

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

Practice 8.3 - Step Up

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

| | | |
|--|---|-------------|
| 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 | : | <p>To ensure the objectivity of the Board's review on the AC's findings and recommendations, the Chairman of the Board and the Chairman of the AC are held by two different individuals. The AC is chaired by Mr. Chong Chin Look, whereas the Board is chaired by Dato' Zulkifli Bin Adnan.</p> <p>The separation of position as well as the duties and responsibilities of the AC and its Chairman are delineated in the Terms of Reference of AC, which is accessible on the Company's website at http://www.cekd.com.my/policy-disclosures.</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>On 24 January 2022, AC has revised its Terms of Reference to reflect the latest recommendation of MCCG 2021. The revised Terms of Reference states that former key audit partner of the Group shall observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.</p> <p>To-date, none of the AC members is the former key audit partner of the external auditor of the Group and the Board does not foresee any new appointment of former key audit partner to the AC.</p> <p>The Terms of Reference of AC is accessible at http://www.cekd.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

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>AC is entrusted to assess and review both the audit and non-audit services provided by external auditor as well as their suitability and independence.</p> <p>The Terms of Reference of AC serves as a guideline for the AC to evaluate the suitability, objectivity and independence of external auditors, which, amongst others, the criteria that AC should take into consideration include: -</p> <ul style="list-style-type: none">(i) Independence of the external audit firm;(ii) The adequacy in terms of the competency, experience and quality of the external auditor;(iii) The external auditor's capacity resources and ability to meet deadlines and respond to issues in a timely manner as contemplated in the Audit Planning Memorandum; and(iv) The nature and extent of the non-audit services rendered by the external auditor and fees paid for such services. <p>In addition, external auditor has provided written assurance to the Board that they are and have been independent throughout the conduct of the audit engagement during FYE 2022 in compliance with all applicable professional and regulatory requirements.</p> <p>Having regard to the outcome of the annual performance evaluation of external auditor, the Board, with recommendation from the AC, is satisfied with the performance and independence of the external auditors and had recommended their re-appointment as the external auditors of the Group for the financial year ending 31 August 2023. The said re-appointment of Messrs. Ecovis Malaysia PLT will be tabled for shareholders' approval at the forthcoming 5th AGM.</p> |
| Explanation for departure | : | |
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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| Measure : | | |
| Timeframe : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | | | | |
|--|---|--|-------------------|------------------------------------|
| Application | : | Adopted | | |
| Explanation on adoption of the practice | : | The AC comprises solely of Independent Non-Executive Directors as follows: - | | |
| | | Designation | Name | Directorship |
| | | Chairman | Chong Chin Look | Independent Non-Executive Director |
| | | Member | Datuk Mak Foo Wei | Independent Non-Executive Director |
| | | Member | Choo Yem Kuen | Independent Non-Executive Director |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>AC is primarily responsible to oversee the integrity of corporate accounting and financial reporting of the Group. Hence, all members of AC should be financially literate, possess necessary skills and knowledge to discharge its duties and responsibilities effectively.</p> <p>Mr. Chong Chin Look, the Chairman of AC, is a member of Malaysian Institute of Certified Public Accountants ("MICPA") and Malaysian Institute of Accountants ("MIA") with more than 30 years of experience in the accounting and finance field. Datuk Mak Foo Wei has been involved in the legal profession for more than 25 years whilst Ms. Choo Yem Kuen is a practising lawyer with more than 33 years experiences and has vast experience in corporate advisory work. The qualification and experience of the individual members are disclosed in the Board of Directors' Profile section within the Annual Report.</p> <p>Although only one-third ($\frac{1}{3}$) of the AC is a member of a professional accounting body, all AC members are financially literate by keeping themselves abreast with the latest developments in accounting and auditing standards, practices and rules through continuous professional developments as well as updates by the Management and external auditors.</p> <p>The training programmes attended by the AC members during FYE 2022 is disclosed in the Corporate Governance Overview Statement in the Annual Report 2022.</p> <p>Based on the annual performance evaluation for AC in FYE 2022, the NC is satisfied that all AC members have the necessary skills and knowledge as well as having adequate ability and understanding to assess the Group's financial statements and accounting standards applied. As such, the Board, through the NC, is of the view that AC have carried out</p> |

| | | |
|--|---|--|
| | their roles and responsibilities appropriately and effectively during the FYE 2022. | |
| 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 is committed to formulate and maintain a sound, effective and efficient system of risk management and internal control within the Group to safeguard the Group's assets and the shareholders' investments. As such, the Board has on 25 October 2021 established an Enterprise Risk Management ("ERM") Framework to serve as a guideline for the RMC to oversee the execution of risk management across the Group.</p> <p>The ERM Framework has outlined five (5) steps for the Group's risk management procedures, namely identify, analyse, respond, monitor and report any potential risk or arising structural weakness in hindering the Group towards its business objectives.</p> <p>The RMC is supported by the Group's ERM Working Committee to facilitate the implementation of ERM Framework across the Group. In the ERM Working Committee, each HOD is responsible to monitor the key risks identified. Any key risks identified by the Management Team will be reported to the RMC and the Board to discuss on the relevant risk mitigating measures and any further action required for improvement.</p> <p>On top of the ERM framework, the Board has implemented various Standard Operating Procedures ("SOPs") through the Management Team. The SOPs cover all the key operational areas and controls are embedded into daily operations to ensure smooth running in the Group's internal control system.</p> <p>To assess whether the Group's risk management and internal control system is competent, effective and efficient, the Board has engaged and outsourced Internal Auditor to review the Group's internal controls system periodically.</p> <p>The Statement on Risk Management and Internal Control of the Group which provides an overview of the state of risk management and internal control within the Group is set out in the Annual Report.</p> |
| Explanation for departure | : | |

| | | |
|--|---|--|
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| 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>RMC is supported by the Group’s ERM Working Committee to facilitate the implementation of ERM Framework across the Group. ERM Working Committee comprises the Managing Director and the respective HOD of the operation, sales, accounts as well as human resources & admin departments.</p> <p>In the ERM Working Committee, each HOD is responsible to monitor their respective department and report to the Managing Director for any potential risks identified and discuss on the relevant risk mitigating measures. Managing Director will subsequently report the same to RMC for their notation and deliberation for improvements, if necessary.</p> <p>Risk Register has been adopted to properly record and document all identified risks, relevant risk rating, mitigation plans/actions and the relevant person in-charged. The Risk Register will be reviewed and updated regularly by the RMC to ensure its relevance in line with the evolving business environment.</p> <p>With the assurance provided from the Management and the outsourced internal auditor, the Board is satisfied that the Group’s risk management and internal control system is operating adequately and effectively to safeguard the Group’s assets, shareholders’ investments and stakeholders’ interests.</p> <p>Further information pertaining to the Group’s risk management and internal control system are elaborated in the Statement on Risk Management and Internal Control in the Annual Report.</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 | : | Adopted | | | | | | | | | | | | | | | | | | |
|--|---|---|-------------|------|--------------|----------|-----------------|------------------------------------|--------|--------------------------|------------------------------------|--------|-------------------|------------------------------------|--------|---|------------------------------------|--------|--------------|-------------------|
| Explanation on adoption of the practice | : | <p>The Board has established a RMC which comprises a majority of Independent Non-Executive Directors, to oversee the Company's risk management framework and policies as follows: -</p> <table border="1"><thead><tr><th>Designation</th><th>Name</th><th>Directorship</th></tr></thead><tbody><tr><td>Chairman</td><td>Chong Chin Look</td><td>Independent Non-Executive Director</td></tr><tr><td>Member</td><td>Dato' Zulkifli Bin Adnan</td><td>Independent Non-Executive Director</td></tr><tr><td>Member</td><td>Datuk Mak Foo Wei</td><td>Independent Non-Executive Director</td></tr><tr><td>Member</td><td>Choo Yem Kuen <i>(Appointed on 16/12/2021)</i></td><td>Independent Non-Executive Director</td></tr><tr><td>Member</td><td>Yap Kai Ning</td><td>Managing Director</td></tr></tbody></table> <p>The key roles and responsibilities of RMC are set out in the Terms of Reference of which is accessible on the Company's corporate website at http://www.cekd.com.my/corporate-governance.</p> | Designation | Name | Directorship | Chairman | Chong Chin Look | Independent Non-Executive Director | Member | Dato' Zulkifli Bin Adnan | Independent Non-Executive Director | Member | Datuk Mak Foo Wei | Independent Non-Executive Director | Member | Choo Yem Kuen <i>(Appointed on 16/12/2021)</i> | Independent Non-Executive Director | Member | Yap Kai Ning | Managing Director |
| Designation | Name | Directorship | | | | | | | | | | | | | | | | | | |
| Chairman | Chong Chin Look | Independent Non-Executive Director | | | | | | | | | | | | | | | | | | |
| Member | Dato' Zulkifli Bin Adnan | Independent Non-Executive Director | | | | | | | | | | | | | | | | | | |
| Member | Datuk Mak Foo Wei | Independent Non-Executive Director | | | | | | | | | | | | | | | | | | |
| Member | Choo Yem Kuen <i>(Appointed on 16/12/2021)</i> | Independent Non-Executive Director | | | | | | | | | | | | | | | | | | |
| Member | Yap Kai Ning | Managing Director | | | | | | | | | | | | | | | | | | |

Intended Outcome

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

Practice 11.1

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has authorised AC to review the effectiveness of the internal audit function.</p> <p>The Group's internal audit function has been outsourced to an independent professional firm, namely Eco Asia Governance Advisory Sdn Bhd, to provide an independent assessment and objective assurance on the overall adequacy of the Group's internal control system to the AC and the Board.</p> <p>The AC has full and unrestricted access to all information and resources within the Group so as to ensure that the internal auditors are provided with sufficient information and recourses for a smooth proceeding of internal audit.</p> <p>The internal auditors perform internal audit reviews in accordance with the approved Internal Audit Plan by the AC. The audit findings, together with root-cause analysis, potential risks and implications, as well as proposed corrective actions, are subsequently circulated and presented to the AC during the AC meetings for their notation. The Management shall then implement the corrective actions within the stipulated time. The internal auditors will perform a follow-up review thereafter to ensure that the corrective actions are properly implemented.</p> <p>For FYE 2022, the Board is satisfied that no significant weaknesses have been noted from the Group's internal control system which require separate disclosure in the 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

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>For the FYE 2022, the Group’s internal audit function has been outsourced to a professional firm, Eco Asia Governance Advisory Sdn Bhd. The internal auditors are independent and free from any relationship or conflicts of interest with the Group which may impact their objectivity and independence. They are able to perform internal audit review with professional competence and due care.</p> <p>The internal audit engagement team is led by its executive director, Mr. Woon Soon Fai, who is a Chartered Accountant, Fellow Member of the Association of Chartered Certified Accountants (“FCCA”) and an Associate Member of the IIA Malaysia. He has vast experience and exposure in internal audit field. His internal audit team consisted of ten (10) employees. During FYE 2022, he was assisted by three (3) employees in the following internal audit reviews: -</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Quarter</th> <th>Internal Audit Review Conducted</th> </tr> </thead> <tbody> <tr> <td>Q1, FYE 2022</td> <td>Follow-up review on the findings highlighted in the internal controls review report prepared prior to the listing of the Group</td> </tr> <tr> <td>Q3, FYE 2022</td> <td>Related party transactions</td> </tr> </tbody> </table> <p>The above internal audit reviews were conducted in accordance to the International Professional Practices Framework (“IPPF”).</p> | Quarter | Internal Audit Review Conducted | Q1, FYE 2022 | Follow-up review on the findings highlighted in the internal controls review report prepared prior to the listing of the Group | Q3, FYE 2022 | Related party transactions |
| Quarter | Internal Audit Review Conducted | | | | | | | |
| Q1, FYE 2022 | Follow-up review on the findings highlighted in the internal controls review report prepared prior to the listing of the Group | | | | | | | |
| Q3, FYE 2022 | Related party transactions | | | | | | | |
| 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 | : | | | | | | | |

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| 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 Board acknowledges the significance of maintaining a regular, transparent and effective communication with various stakeholders. Thus, the Group has leveraged on the following engagement approaches: -</p> <p>(i) <u>Email and face-to-face communications</u> Email and face-to-face communications are the main communication channel with customers and suppliers in daily business operations.</p> <p>(ii) <u>Company's website</u> The investor relations sections in the Company's website at http://www.cekd.com.my/home enables the members of the public to have equal access to the Group's information, including Initial Public Offering ("IPO") prospectus, corporate information, corporate governance, financial information, stock information, investor centre and reports, and news alert.</p> <p>(iii) <u>Announcement made to Bursa Malaysia</u> Quarterly announcements and material information disclosures are made to Bursa Malaysia Securities Berhad ("Bursa Securities"), which are accessible on Bursa Securities' website at https://www.bursamalaysia.com/.</p> <p>(iv) <u>Annual Report</u> The Company's Annual Report remains as the central means of communication by outlining a series of comprehensive information of the Group, comprising business overview, financial performance, corporate governance, sustainability management, risk management, internal control system as well as the Group's prospects.</p> <p>(v) <u>AGM</u> AGM is the principal forum of dialogue with shareholders to formally communicate internal information pertaining to the Company and the Group. Shareholders are provided with</p> |

| | | |
|---|--|--|
| | <p>opportunity to have direct and transparent communication with the Board and the Management by raising questions or concerns in the AGM.</p> <p>In addition, investors are able to reach out to CEKD through the dedicated investor email at ir@cekd.com.my.</p> | |
| Explanation for departure | : | |
| | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 12.2

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 | : | The Company does not fall within the definition of large companies as stipulated under the MCCG. | |
| | | | |
| <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 Company practiced to issue notice of AGM via email or despatch (for those without email address) to the registered shareholders at least 28 days prior to the AGM. This is to ensure that shareholders have sufficient time to peruse the Company's Annual Report and consider the resolutions to be discussed and voted during the AGM.</p> <p>The Notice of 4th AGM held on 22 February 2022 was circulated to the shareholders on 29 December 2021, which was more than 28 days prior to the scheduled 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

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>In view of the Covid-19 disease, the 4th AGM held on 22 February 2022 was conducted virtually to safeguard shareholders' health and safety. The Board has showed their commitments with full attendance at the 4th AGM.</p> <p>During the 4th AGM, the Chairman of the Board and Board Committees have provided meaningful responses in addressing all questions and concerns raised prior to the AGM as well as those posted during AGM.</p> <p>The external auditors were also invited to participate the 4th AGM to respond to any queries raised by shareholders relevant to the conduct of audit and preparation of financial statements of the Company and the Group.</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>In light of the Covid-19 disease, the Company had leveraged on technology and adopted electronic poll voting to conduct the virtual 4th AGM on 22 February 2022. Shareholders participated, spoke (including posing questions to the Board via real time submission of typed texts) and voted remotely at the AGM via the Remote Participation and Voting (“RPV”) facility.</p> <p>The Company had engaged Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) as the Poll Administrator and the service provider of RPV facilities via the virtual meeting platform at https://tiih.online/. The conduct of the virtual 4th AGM provides a similar level of transparency and participation as an in-room only meeting. The Company has also appointed an independent scrutineer, Needsbridge Advisory Sdn Bhd, to validate votes casted at the AGM.</p> <p>In terms of ensuring good cyber hygiene, Tricor is responsible to maintain the security and protection of meeting attendants’ data by providing a compliant and consistent approach for data protection at the virtual AGM. They have also conducted stress test and penetration testing on its meeting platform, TIIH Online, in May 2021 to test its resiliency.</p> <p>For further assurance, Tricor is ISO27001 certified in October 2021, while its meeting platform, TIIH Online, was hosted on a secure cloud platform with a ISO27001 certified data centre.</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 : | <p>At the fully virtual 4th AGM, shareholders attended the meeting remotely via the RPV facilities supported by Tricor. During the AGM, the Board Chairman has briefed the shareholders on their rights to participate at the meeting, including transmitting their questions in real-time by using the Query Box and exercising their voting rights via remote electronic voting facilities.</p> <p>At the AGM, a summary overview of the Group's financial and operational progress was presented. The shareholders were given sufficient opportunity to pose their questions via the RPV Facilities. The Chairman and Directors have addressed the questions raised accordingly. However, due to time constraints, the Company has emailed the remaining responses to the shareholders on the questions that were not answered after the conclusion of the AGM. If the Board and the Management identified particularly lengthy questions or duplicate questions, those questions would be summarised for reasons of brevity.</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 : | Departure |
| Explanation on application of the practice : | |
| Explanation for departure : | <p>Tricor was engaged to provide the RPV Facilities for the conduct of 4th AGM. The detailed procedures to participate in the virtual meeting were outlined under the “Administrative Guide for the 4th AGM”.</p> <p>Tricor has in place a meeting platform which is accessible from desktops, laptops, tablets and mobile devices. Shareholders may use any of these methods to participate the meeting, ask questions and cast votes in real-time poll during the meeting.</p> <p>However, all questions raised by shareholders were only visible to the Board members who attended physically at the meeting venue.</p> <p>Nonetheless, the Managing Director, Ms. Yap Kai Ning, read the questions for all shareholders’ notation during the AGM. In addition, in order to uphold integrity of voting process, the voting result was verified by Needsbridge Advisory Sdn Bhd, the independent scrutineer appointed by the Company.</p> <p>In addition, the minutes of the 4th AGM including the questions raised and responded by the Board and/or Management and a copy of the summary of poll voting result were made available to all shareholders at the Company’s website.</p> |
| <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

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.

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| <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 | : Upon completion of the 4 th AGM, the Company has announced the outcome of meeting upon the completion of the 4 th AGM. The Company also published the minutes of AGM together with the summary of polling results on 8 March 2022, which is within 30 business days from the conduct of 4 th AGM, at Company's website at http://www.cekd.com.my/annual-general-meeting for shareholders' reference. |
| 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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