CORPORATE GOVERNANCE REPORT

STOCK CODE **:** 6211
COMPANY NAME **:** KIA LIM BERHAD
FINANCIAL YEAR **:** December 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 PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA
Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board takes full responsibility for the overall performance of the Kia Lim Group and its obligations to the Company's shareholders and stakeholders • The Board is responsible to lead and control the Group's strategic direction, objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives. • The Board also oversees the business operations, resource management, assessment of risks and effectiveness of internal control framework. • The Board, together with the Senior Management, shows its commitment to promote good corporate governance culture within the organization which reinforces ethical, prudent and professional behaviour. This is founded on the principles of transparency, objectivity and integrity. There is a regular review on the adequacy of the Board Charter, Whistleblowing Policy, Anti- Bribery and Anti- Corruption Policy as well as the Sustainability Policy. • The Board ensures that the strategic plan of the Group supports long-term value creation and sustainability. As such, relevant economic, environmental, social considerations have been embedded in the company's business strategies and operations. The Sustainability Policy is a practical and proactive policy, which clearly defined the goals and milestones of the Group, and recognize the responsibility to the community and environment, in managing the business and operations. • To ensure the effectiveness of the Board, the Board has carried out an annual Board Effectiveness Evaluation (BEE) to determine the Board members have necessary skills and experience and competency in carrying out their tasks. • Annual Report is the key channel of communication with stakeholders. Another important avenue for communication and dialogue is Annual General Meeting of the Company, and also the dedicated website link to the Company's Investor Relations that provides the stakeholders and

	investors with information of the Company as well as the announcements made to Bursa Malaysia Securities Berhad. The Board has delegated specific responsibilities to the following committees ("Committees"): ➢ Audit Committee ("AC") ➢ Risk Management Committee ("RMC") ➢ Nomination Committee ("NC") ➢ Remuneration Committee ("RC") The powers delegated to the Committees are set out in the Terms of Reference of each of the Committee as approved by the Board and are available on the Company's website. Having recognised the importance of an effective and dynamic Board, the Board has adopted a Board Charter to ensure that all Board members are aware of the Board's fiduciary and leadership functions. Note: The Board Charter is published on the Company's website at www.kialim.com.my.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	The appointment of a capable Chairman to lead the Board is crucial for the creation of a good governance culture and fostering trust which supplement the Board structure and formal governance regulations via-a-vis embedding high standards of governance in the Company. The Chairman of the Board is Mr Loh Chee Kan, a Non-Independent Non-Executive Chairman. The key responsibilities of the Chairman include:- a) Providing leadership for the Board so that the Board can perform its responsibilities effectively; b) Leading Board in the adoption and implementation of good corporate governance practices in the Company; and c) Conducting meetings of the Board and shareholders and ensuring all Directors are properly briefed during Board discussion and shareholders are informed of the subject matters requiring their approval. Detailed responsibilities of the Chairman of the Board are set out in the Board Charter which is available on the Company's website.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	The Chairman of the Company is Mr Loh Chee Kan, and the CEO is Datuk Ng Yeng Keng. The primary role of the Board Chairman includes leading the Board in its collective oversight of Management while the CEO, with the assistance of Executive Directors and Senior Management, has the responsibility to oversee the overall operations of the Group, including the implementation of strategies and policies. Thus, the positions of Chairman and CEO are held by two different individuals and their roles and responsibilities are distinct as stated in the Board Charter, which is available on the Company's website.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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'.			
Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Board is neither a member of AC, NC and RC nor an invitee in these committees to ensure there is a check and balance as well as objective review by the Board.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	The Board is supported by two (2) qualified and competent Company Secretaries namely: • Ms Tai Yit Chan (MAICSA No.: 7009143) • Ms Santhi A/P Saminathan (MAICSA No.: 7069709) The Company Secretaries play an advisory role to the Board, particularly with regards to the Board policies and procedures, corporate disclosure obligations, compliance with statutory and regulatory requirements as well as adoption of corporate governance best practices. The Company Secretaries also ensure that all Board and Board Committee meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory records and registers of the Company. The Company Secretaries had attended trainings to keep abreast with the latest changes in laws and regulatory requirements. The Board is satisfied with the performance and support rendered by the Company Secretaries who play a vital role to the Board in discharging its function and duties.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	The Company Secretaries ensure timely circulation of all meeting materials, which are complete and accurate, to the members of Board/Board Committees to allow them to have sufficient time to go through the meeting materials prior to the meeting. To facilitate the Directors in planning their attendance at the Board meetings, Board Committees meetings and Annual General Meeting, an annual meeting calendar with the scheduled meeting dates for the ensuing financial year is prepared and circulated in advance The Company Secretaries also prepare the Board/Board Committee meeting minutes, properly recording issues deliberated and decisions and conclusions are arrived at, as well as dissenting views or abstention by any Director, if any. The minutes of meetings are timely circulated and subsequently confirmed by the members of the Board and Board Committee(s) at the next meeting. All Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors, and promptly disseminates communications received from the relevant regulatory/governmental authorities.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

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

Practice 2.1
The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has a Board Charter which sets out the responsibilities between the Board, Board Committees and Management to ensure that new laws, regulations or relevant developments having an impact on the discharge of the Board's responsibilities are taken into account. The Board undertakes to review the Charter regularly. On 29 March 2022, the Board reviewed and approved certain revisions to the Board Charter so as to be in line with the Companies Act 2016, requirements of the Malaysian Code on Corporate Governance and amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board Charter is available on the Company's website at www.kialim.com.my.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has adopted a Code of Conduct and Ethics ("CCE") for Company Directors and all the employees. The CCE which set the tone and standards for the Group's ethical conduct. It serves to guide actions and behaviours of all Directors and employees of the Group. The Board has also established its Anti-Bribery and Anti-Corruption ("ABAC") policy for the Group, with objective to manage risks in relation to fraud, bribery and corruption. The CCE policy for both Directors and Employees as well as ABAC policy are periodically reviewed by the Board, and are available on the Company's website.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application :	Applied	
Explanation on application of the practice :	The Board has developed a Whistleblowing Policy which is in line with the Board's effort to encourage employees to report genuine concerns in relation to breach of a legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace. The Board ensures that the Whistleblowing Policy sets out avenues and guidance for reporting, where legitimate concerns can be objectively investigated and addressed. Individuals should be able to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal. The whistle-blower can address his/her complaints to the Chairman, Mr Loh Chee Kan at **chairman@kialim.com.my** or write directly to the relevant regulatory authorities as prescribed by the Whistleblower Protection Act 2010 including Polis Diraja Malaysia (PDRM), and Malaysian Anti-Corruption Commission (MACC). The Board will periodically review the Whistle-Blowing Policy when necessary to ensure it remains relevant and appropriate. The details of the Whistleblowing Policy are published on the Company's website. There was no whistleblowing case reported during the financial year ended 31 December 2022.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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

Practice 4.1
The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board views the commitment to promote sustainability strategies in the environment, social and governance aspects as part of its broader responsibility to all its various stakeholders and the communities in which it operates. The Company strives to achieve a sustainable long-term balance between meeting its business goals, preserving the environment to sustain the ecosystem and improving the welfare of its employees and the communities in which it operates. The Company has established a Sustainability Working Group (SWG) comprising key members of Management from the Company. The roles of the SWG include: a) To observe and comply with all relevant legislation, regulations and code of practice; b) To consider sustainability issues and integrate these considerations into Kim Lim's business decisions; c) To promote and ensure all employees are aware of, and are committed to, implementing and measuring sustainability activities as part of the Group's strategy, taking into consideration economic, environment and social aspects; and d) To improve Kia Lim's sustainability performance. The SWG is chaired by the Chief Executive Officer and assisted by the General Manager(s). The Company's efforts in this regard have been set out in the Sustainability Statement in the Annual Report.
Explanation for departure	:	

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

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	Kia Lim's Annual Report includes a Sustainability Statement which discloses the Company's sustainability strategies, priorities and targets as well as commitment and it serves as the main communication tool of Kia Lim's Sustainability matters to the internal and external stakeholders. The Annual Report is available on the Company's website at www.kialim.com.my.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	Management updates the Board on sustainability related developments and initiatives at Board meetings to ensure that matters are communicated and managed on a timely basis. Directors are also encouraged to attend trainings to gain further insights on environmental, social and governance ("ESG") matters related to the Group's business and operations. The training programmes attended by the Board members during the financial year ended 31 December 2022 include ESG related topics which are set out in the Corporate Governance Overview Statement in the Annual Report.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 4.4
Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	The Board and Senior Management play an important role in addressing material sustainability risks and opportunities. The yearly performance evaluations of the Board not only focus on financial performance but also include other non-financial performance including sustainability. The annual performance evaluation exercise undertaken by the NC in relation to the effectiveness of the Board includes assessment on proper governance and management of sustainability matters. Having considered the NC's evaluation, the Board is satisfied that the Directors and Senior Management possess the necessary skills and expertise and have sufficiently discharged their duties and responsibilities efficiently in addressing the Group's material sustainability risks and opportunities during the financial year ended 31 December 2022.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.		
Application	:	Adopted
Explanation on adoption of the practice	:	In financial year 2022, the Board has identified and appointed a designated person, Mr Ng Cheng Yew, as the Company's Chief Sustainability Officer ("CSO") to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of Kia Lim. The CSO reports to the CEO. The scope covered by the CSO includes: • Formulate sustainability strategy and monitor objectives and action plans • Consolidate, monitor and analyse sustainability reporting • Coordinate cross-department sustainability initiatives

Intended Outcome

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

Practice 5.1

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

Application	:	Applied	
Explanation on application of the practice	:	The NC has taken action to ensure that the composition of the Board is reviewed periodically. In appointing or reappointing a Board member, the Board will consider the current composition of the Board and to ensure that the Board provides a required mix of responsibilities, skills, experience, independence and diversity (including gender, ethnicity and age). The tenure of each Director will be reviewed by the NC and annual re-election of a Director would be contingent on satisfactory evaluation of the Director's performance and contribution to the Board. The Company has adopted the Board Effectiveness Evaluation / Assessment to ensure satisfactory evaluation of the Director's performance and contribution to the Board. It is conducted internally upon completion of the financial year and comprises of Board Evaluation and Committee Evaluation.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.2

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

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The Board currently has six (6) members, comprising the Chairman, who is a Non-Independent Non-Executive Director ((“NINED”), the CEO, one (1) other Executive Director (“ED”) and another three (3) Independent Non-Executive Directors (“INEDs”). With the above appointments, the Company has thus complied with the desired practice of the MCCG which requires the Board must comprise at least half (1/2) of Independent Directors.
<table>
<tr><th>Designation</th><th>No. of Director</th><th>Percentage (%)</th></tr>
<tr><td>Executive Director
Independent Non-Executive Director
Non-Independent Non-Executive Director</td><td>2
3
1</td><td>33.33
50.00
16.67</td></tr>
<tr><td>Total</td><td>6</td><td>100.00</td></tr>
</table></td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

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	:	As at to-date, none of the INEDs have served on the Board for a cumulative term of nine (9) years. In fact, all of our INEDs have served less than nine (9) years with the Company.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.		
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	:	In the process of selecting and evaluating candidates for the Board and Senior Management team, the NC takes into consideration suitability for the role, board balance and composition, mix of skills, experience, knowledge and other qualities as well as diversity in terms of gender, age, ethnicity and cultural background. NC is responsible to recommend to the Board for the appointment of new directors to ensure multiple facets of diversity will be taken into consideration in nominating quality candidates to be appointed to the Board. The Directors appointed are expected to conform that they are able to devote the required time to serve the Board effectively. The Board would also 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 would be avoided. Selection of Senior Management is also based on objective criteria and merit, with due regard to diversity in skills, experience, age and background. A formal policy for diversity on Board and Senior Management was established to drive the benefits of diverse workforce across the business. The Board had also in May 2022 approved the adoption of Directors' Fit and Proper Policy to serve as a guide in the process of selecting and evaluating candidates.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	

Timeframe :		

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

Practice 5.6
In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

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

Application	:	Applied	
Explanation on application of the practice	:	The NC is responsible to identify and select potential new Directors and to make recommendations to the Board for the appointment of Directors. In the event that candidate is required for the appointment of Director, the NC would use variety of approaches and sources to ensure that it identifies the most suitable candidates and will not limit themselves by solely rely on the recommendations from existing Board members, Management or major shareholders. The proposed candidate must also fulfil the criteria set in the Directors' Fit and Proper Policy which is available on the Company's website. The procedure for the selection and appointment of new Director is also available on the Company's website.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

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

Application :	Applied	
Explanation on application of the practice :	The profiles of Directors are published in the Annual Report and on Bursa Malaysia's website. These include their age, gender, tenure of service, directorships in other companies, working experience and any conflict of interest as well as their shareholdings in Bursa Malaysia, if any. The appointment and re-appointment of Directors is a critical aspect of Corporate Governance, which has an impact on the leadership of the Company. As such, the Board will provide a statement as to whether it supports the appointment or reappointment of the Director and the reason why, and the statement will be included in the notes accompanying the notice of general meeting. Additionally, appointed Directors should be political neutral without having any executive powers in politics.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 5.8

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

Application	:	Applied
Explanation on application of the practice	:	The NC is chaired by the INED, Ms Sam Ming Chia. Her profile is set out in the Annual Report 2022 and on Company's website. The specific responsibilities of the INED are as set out in the Board Charter, which is available on Company's website. The NC comprises solely INEDs as set out below: Ms Sam Ming Chia — Chairman Mr Chua Syer Cin ^ — Member Mr Vincent Wong Soon Choy * — Member Pn Haryanti Binti Othman — Member Notes: ^ Resigned on 4 April 2023 * Appointed on 4 April 2023 The Terms of Reference of the NC is also available on the Company's website.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	At present, the Company has achieved a 30% female representation in its Board and will continue to remain steadfast in applying best governance practices underlined in the MCCG. The Board through its Board Charter envisioned a diverse Board in terms of experience, skills, competence, race, gender, culture and nationality to ensure that different perspectives are brought to bear on issues. The Board recognises that diversity is not limited to gender representation, but encompasses ethnicity/race, age as well as nationality. The Board embraced Practice 5.9 as recommended in the MCCG whereby gender representation has become increasingly important. The current Board composition comprises of four (4) male Directors and two (2) female Directors, making up 33.33% of women Directors.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	The Board is of the view that while it is important to promote diversity, the normal selection criteria of a Director based on effective blend of competences, skills, experience and knowledge should remain a priority so as not to compromise on mix of capabilities, experience and qualification in the Board. The Board appreciates the benefits of having gender diversity in the boardroom as a mix-gendered board would offer different viewpoints, ideas and market insights which enable better problem solving than the boardroom that dominated by one gender. The Board believed that, the participation of women in decision-making positions should not be focused on board positions alone but should be broadened to include Senior Management as the same benefits will apply. Thus, the Board has established Diversity Policy to support the participation of women on the Board as well as Senior Management. The Diversity Policy is published on the Company's website.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 6.1
The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

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

Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.		
Application	:	Applied
Explanation on application of the practice	:	During the financial year, the NC had carried out an evaluation assessment as an effort to determine and monitor the level of effectiveness of the Board, the AC as well as the Board members. The evaluation process also involved a peer assessment, where Directors will assess the performance of their fellow Directors. **Key Criteria / Areas for Board Effectiveness Evaluation:** A) Board composition and size. B) Board process C) Board Committees D) Provision of information to the Board. E) Standard of conduct F) Financial performance **Key Criteria / Areas for Director Evaluation:** A) Interactive skills. B) Knowledge C) Duties These assessments and comments by all Directors were summarised and discussed at the NC meeting which were then reported to the Board at the Board meeting held thereafter. The assessment enables the Board to ensure that each of the Board members has the character, experience, integrity, competence and time to effectively discharge their respective roles. The Board is happy with the above average outcome for most of its Directors and steps are taken to address weaknesses.
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 7.1

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	:	The Board has adopted a Remuneration Policy for the Directors and Senior Management to support and drive business strategy and long term objectives of the Company and its subsidiaries. In this regard, the RC is responsible to implement the policies and procedures on the remuneration for the EDs and Senior Management whilst the Board is responsible for approving the policies and procedures which govern the remuneration of the employees including EDs and Senior Management of the Company to ensure the same remain competitive, appropriate and in alignment with the prevalent market practices and that the Company attracts, retains and motivates the Directors and Senior Management who are with strong credentials, high caliber and astute insights to run the business successfully. The remuneration package is reflective of the individual Director's and Senior Management's experience and level of responsibilities and it is structured to link to corporate and individual performance. The Remuneration Policy is published on the Company's website.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

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

Practice 7.2
The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

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

Application	:	Applied
Explanation on application of the practice	:	The RC is responsible to assist the Board in assessing the remuneration packages of the Directors of the Company and Group. The Board will decide on the remuneration packages after considering the recommendations made by the Committee. The RC comprises solely INEDs as set out below: Mr Chua Syer Cin^ — Chairman Mr Vincent Wong Soon Choy* — Chairman Ms Sam Ming Chia — Member Pn Haryanti Binti Othman — Member Notes: ^ Resigned on 4 April 2023 * Appointed on 4 April 2023 The Terms of Reference of RC is included in the Board Charter which is accessible for reference on the Company's website.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to 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	:	Details disclosure on named basis for the remuneration of individual Director of the Company is stated in the Corporate Governance Overview Statement of the Company's Annual Report 2022.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Ng Yeng Keng @ Ng Ka Hiat	Executive Director	15	0	0	0	0	0	15	2.4	0	300	18.7	34.6	38.1	393.8
2	Ng Chin Kang	Executive Director	15	0	0	0	0	0	15	2.4	10.8	70	4.4	4.3	10.7	102.6
3	Loh Chee Kan	Independent Director	35	4.8	0	0	0	0	39.8	0	0	0	0	0	0	0
4	Chua Syer Cin	Independent Director	20	4.8	0	0	0	0	24.8	0	0	0	0	0	0	0
5	Sam Ming Chia	Independent Director	20	4.8	0	0	0	0	24.8	0	0	0	0	0	0	0
6	Haryanti Binti Othman	Independent Director	20	4.8	0	0	0	0	24.8	0	0	0	0	0	0	0
7	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
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
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	:	The Board is of the opinion that the disclosure of the Senior Management's remuneration on a named basis and the various remuneration components (salary, bonus, benefits-in-kind and other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns, and would likely to have adverse effect on the Group's talent retention. In fact, the Senior Management has indicated their concern over their safety and confidentiality pertaining to the disclosure.	
		However, the disclosure of the compensation of Senior Management has been made in Note 23(b) of the Notes to Financial Statements on page 75 of the Annual Report 2022. The Board ensures that the remuneration of Senior Management is commensurate with the performance of the Group, with due consideration to attract, retain and motivate Senior Management to lead and run the Group successfully.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Group has no immediate plan to comply with this disclosure, but will closely monitor developments in the market in respect of such disclosure for future consideration.	
Timeframe	:	Choose an item.	

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	:	The Company has established an AC to review the integrity of the financial reporting and to oversee the independence of external auditors. The AC is chaired by the INED, Mr Vincent Wong Soon Choy (Appointed on 4 April 2023 to replace Mr Chua Syer Cin who resigned on the same day). Meanwhile the Chairman of the Board is Mr Loh Chee Kan. The duties and responsibilities of the Chairman of the AC are outlined in the Terms of Reference of the AC, which is included in the Board Charter and is available on the Company's website.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
There is 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	:	The AC has a policy that requires a former key audit partner of the external auditors to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC. The cooling-off period safeguards the independence of the audit by avoiding the potential threats which may arise when a former key audit partner of the external auditors is in a position to exert significant influence over the audit and preparation of the Company's financial statements. For the year under review, none of the AC members were former key audit partners of the Company's external auditors.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
There is 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	:	The AC is responsible for assessing the capabilities and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditor. Under its Terms of Reference, the AC reviews the suitability, objectivity and independence of the external auditor of the Company on an annual basis. The review process covers the assessment of the independence of the external auditor, the evaluation of the external auditor's performance, quality of work, audit fees and the adequacy of resources. The AC has also monitored and reviewed the performance and independence of Ernst & Young PLT and is satisfied that the external auditor has been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the Committee. For the audit of the financial year ended 31 December 2022, the AC was further assured by Ernst & Young PLT by way of written confirmation that its personnel were and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Pursuant to the assessment on the suitability and independence of the external auditor, the AC made its recommendation to the Board on the re-appointment on the external auditor alongside the accompanying audit fees. The Term of Reference of the AC is included in the Board Charter and is available on the Company's website.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	

Timeframe :		

Intended Outcome
There is 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 consists of three (3) members of which all are INEDs. The members of the Committee are as follows: Mr Chua Syer Cin^ — Chairman Mr Vincent Wong Soon Choy* — Chairman Ms Sam Ming Chia — Member Pn Haryanti Binti Othman — Member Notes: ^ Resigned on 4 April 2023 * Appointed on 4 April 2023

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 9.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

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

Application :	Applied	
Explanation on application of the practice :	Collectively, the AC possesses a wide range of necessary skills to discharge its duties. Most of the members of the AC are financially literate, whilst the Chairman of the AC is a member of MIA, and thus, fulfilling paragraph 15.09(1)(c) of MMLR, which calls for one member of the AC to be a member of a professional accountancy body. All members of the AC have attended relevant training programmes to assist in discharging their duties effectively and the detail of which are as disclosed in the Corporate Governance Overview Statement of the Company's Annual Report 2022. During the AC meetings, the members were briefed by the external auditor, Messrs Ernst & Young PLT on the following key areas: • Financial Reporting developments; • Adoption of Malaysian Financial Reporting Standards; • Malaysian Code on Corporate Governance; and • Other changes in regulatory environment.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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

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

Practice 10.1
The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	The Board recognises the importance of good corporate governance and is committed to maintaining a sound system of risk management and internal control. This includes the establishment of an appropriate control environment and risk management framework, processes and structures and continually reviewing the adequacy and integrity of the said systems to safeguard shareholders' investment and the Group's assets. The system of Risk Management and Internal Control covers risk management, finance, operations, management information systems and compliance with relevant laws, both local and foreign, all other regulations, policies and procedures. Whilst acknowledging its responsibilities, the Board is aware of the limitations that are inherent in any systems of internal control and risk management, such systems being designed to manage, rather than eliminate, the risk that may impede the achievement of the Group's business objectives. Accordingly, it can only provide a reasonable combination of preventive, detective and corrective measures but not absolute assurance against material misstatement or losses, fraud or breaches of laws or regulations. The Group's Risk Management and Internal Control framework is an ongoing process, and is in place for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group throughout the financial year. The process is regularly reviewed by the Board. The internal control mechanisms established by the Board are embedded within the organisation structure in all its processes. The internal control system is independently reviewed by an independent professional consulting firm, Wensen Consulting Asia (M) Sdn Bhd, to assess its adequacy and effectiveness.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		

Measure	:		
Timeframe	:		

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

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

Practice 10.2
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	:	Details of the features of risk management and internal control framework are disclosed in the Company's Annual Report under Statement on Risk Management and Internal Control.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

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

Practice 10.3 - Step Up
The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	RMC comprises a majority of Independent directors and plays the role to ensure that a risk management structure is embedded throughout the Group and risk management policies consistently adopted. The members of the Committee are as follows: Pn Haryanti Binti Othman — Chairman and INED Mr Chua Syer Cin^ — Member and INED Mr Vincent Wong Soon Choy* — Member and INED Mr Ng Chin Kang — Member and ED Notes: ^ Resigned on 4 April 2023 * Appointed on 4 April 2023

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	:	Reviewing the internal audit function's effectiveness and independence is part of AC's oversight responsibilities. The Company engages Wensen Consulting Asia (M) Sdn Bhd to carry out the internal audit function. During the financial year under review, based on the risk-based audit programme drawn up, the Internal Audit function had conducted audit on key activities of the Group, including the areas of: i) Fixed Assets Management; and ii) Production Planning, Execution and Occupational Safety and Health Management. The internal audit function also performed the status of follow-up audits on the Management's implementation of audit recommendations made for reporting to the AC. In the course of auditing, the internal auditors have identified some internal control weaknesses which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report. Annual assessment on internal auditors' performance had been conducted in financial year ended 31 December 2022 to ensure that the internal audit function is effective.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

Companies 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	:	The AC is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal controls. Thus, the Board has outsourced its internal audit function to an independent professional consulting firm, Wensen Consulting Asia (M) Sdn. Bhd. ("Wensen"). The internal audit function is free from any relationship or conflicts of interest which could impair their objectivity and independence. Wensen has no relationship with the Group and is independent from Management, Employees, Directors and Substantial Shareholders. The AC is of the opinion that Wensen is independent and objective in carrying out its role as an internal audit function. The outsourced internal audit function is headed by the Executive Director who is assisted by an audit team comprising of the Engagement Director, Managers and Consultants. The Executive Director is a Practicing Member of the Institute of Singapore Chartered Accountants ("ISCA"), a member of the Malaysian Institute of Accountants ("MIA"), a Fellow Member of the Association of Chartered Certified Accountants ("FCCA") and a Professional Member of the Institute of Internal Auditors Malaysia ("CMIIA"), with more than 20 years of experience in auditing while other team members are accounting graduates with a minimum qualification of a degree obtained from overseas and/ local universities. The internal audit reviews for Year 2022 were carried out based on the Internal Audit Plan approved by the AC in accordance with the Standards set forth in the International Professional Practices Framework issued by the Institute of Internal Auditors and other internationally recognised framework for internal controls and risk management for the purposes of evaluating whether internal controls implemented are adequate, relevant and in operation to manage key financial, operational and compliance risks.
Explanation for departure	:	

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

Intended Outcome

There is 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	:	Recognising the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensure that they are well informed of major developments of the Company. The information is communicated to them through the issuance of Annual Report, Circular to Shareholders and Announcements made to the Bursa Securities including quarterly results. Shareholders and other stakeholders could also obtain general information of the Company through the website of Bursa Securities and the Company. Our website, www.kialim.com.my is available for access of information by shareholders and the public. Information posted on the website is updated periodically. For any feedbacks or enquires, shareholders can direct them to the Company's designated email address **ir-enquiries@kialim.com.my** or directly to the Chairman, Mr Loh Chee Kan at his designated email address **chairman@kialim.com.my.** In view of the size of the Company, Mr Ong Yu Hock is entrusted to assist Mr Loh with investor relation functions of the Company for the time being. The Corporate Disclosure Policy and Shareholder Communication Policy are also available on the Company's website.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

There is 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	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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	:	Given the significance of general meetings, the notice of meeting together with the annual report is sent to the shareholders at least 28 days prior to the AGM, so as to maximise their attendance and to provide sufficient time to consider the resolutions that will be discussed and decided at the general meeting. In this respect, the Notice of Annual General Meeting ("AGM") for year 2022 held on 24 May 2022 was served on 27 April 2022. Concurrently, the notice of AGM is advertised in a nationally circulated English daily newspaper. In order to facilitate informed decision by the shareholders, notice of meeting is also accompanied by explanatory notes on the items of business to further explain the nature of business of the meeting.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	The AGM is the principal forum for dialogue with shareholders. Shareholders are provided with an opportunity to participate in the question and answer session in which shareholders may raise questions pertaining to the business activities of the Company. To encourage participation of shareholders at general meetings, the Chairman invites questions from shareholders for every agenda items of the meeting. Board Members and Senior Management Team are available to respond to all queries and undertake to provide sufficient clarification on issues and concerns raised by the shareholders. The external auditors are also present to provide their professional and independent clarification on queries raised by shareholders. All Directors attended the AGM held on 24 May 2022.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 13.3
Listed companies should leverage technology to facilitate–

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has a relatively small base of shareholders and hence the feasibility of leveraging technology to facilitate voting in absentia and remote shareholders' participation at general meetings is relatively more costly to the Company than physical meetings. Therefore, the Company held its AGM physically in 2022.	
		The AGM is held at a location in the town area and accessible via public transport. Shareholders were able to exercise their votes either in person, or appoint a representative or proxy to participate and vote on their behalf. Voting was by poll, which was conducted physically and verified by an independent scrutineer.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 13.4

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

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.		
Application :	Applied	
Explanation on application of the practice :	Kia Lim's 27th AGM was held at The Katerina Hotel on 24 May 2022 at 12.00 noon. Shareholders are encouraged to interact directly with the Board and gain insights on the Company's business and financial position. It serves as a platform for shareholders to have a full understanding of the Company and of the Group. During the AGM, the Chairman ensures that shareholders are given the opportunity to comment or raise issues and questions whether pertaining to issues on the agenda, the Annual Report, Group's strategies or developments in the Group. All the Board members are available to respond to shareholders' queries.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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

Practice 13.5
The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

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

Intended Outcome

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.

Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.			
Application	:	Applied	
Explanation on application of the practice	:	Minutes of the general meeting detailing the meeting proceedings including issues or concerns raised by shareholders and responses by the Company had been uploaded to the Company's website at www.kialim.com.my no later than 30 business days after the general meeting.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

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

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