

CORPORATE GOVERNANCE REPORT

STOCK CODE : 4316
COMPANY NAME : SIN HENG CHAN (MALAYA) BERHAD
FINANCIAL YEAR : December 31, 2024

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board takes full responsibility for the oversight and overall performance of the Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, ensuring that the necessary resources are in place for the Company to meet its objectives and deliver sustainable performance. The Board is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals and realising long-term shareholders' values. The Board has assumed the following principal responsibilities in discharging its fiduciary duties: (a) Reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's business; (b) Overseeing the conduct of the Group's businesses and evaluating if its businesses are being properly managed; (c) Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks; (d) Ensuring that all candidates appointed to senior management positions are of sufficient calibre, including the orderly succession of senior management personnel; (e) Reviewing the adequacy and integrity of the Group's internal control and management information systems;

	(f) Carrying out periodic review of the Group's financial performance, operating results and major capital commitments; and (g) Reviewing and approving any major corporate proposals, new business ventures or joint ventures of the Group. To ensure the effective discharge of its function and responsibilities, the Board has delegated specific responsibilities to the following Committees: (a) Audit Committee (b) Nomination and Remuneration Committee (c) Risk Management Committee (d) Sustainability Working Group (e) Long-Term Incentive Plan Committee These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of the respective Committees will report to the Board the outcome of the Committees meetings for the Board's considerations and approvals and extracts of such reports are incorporated in the minutes of the Board meetings. The Board retains full responsibility for the direction and control of the Company and the Group. The Board's leadership role, governance arrangements, and effectiveness are discussed in the Annual Report 2024.		
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 1.2

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 Chairman of the Board is an Independent Non-Executive Director. He leads the Board and ensures its smooth and effective functioning and has specific responsibilities as set out in the Board Charter. The Chairman’s role includes providing leadership to the Board, monitoring and managing the workings of the Board, facilitating discussions on relevant issues, ensuring availability of quality and timely information for decision-making, encouraging the Directors to play an active role and liaison with the Managing Director and the Company Secretaries on the agenda for Board meetings.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The roles of the Chairman and Managing Director are held by different person. There is a clear division of responsibilities between the Chairman of the Board and the Managing Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Currently, the Chairman of the Board is the member of the Audit Committee ("AC"); and Nomination and Remuneration Committee ("NRC"). As an alternative practice, the Chairman of the Board does not participate in the Company's daily operational matters but instead provides advisory support by offering independent advice, suggestions, ideas and comments to the AC and NRC during their respective meetings. To ensure the effectiveness in discharge of the respective Committees' function and responsibilities, the Board has delegated specific responsibilities to each Board Committee, as governed by their written terms of reference. This approach maintains proper checks and balances and enables objective reviews by the Board. The Board acknowledges the recommendation of the MCCG pertaining to the role of the Chairman and its Board members.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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 qualified and competent Company Secretaries who facilitate overall compliance with the Companies Act 2016, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other laws and regulations. The Company Secretaries are the members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretaries are responsible for the following in respect of effective Board operation: (a) Attend and ensure proper conduct and procedures at all Board Meetings, Board Committee Meetings, Annual General Meeting, Extraordinary General Meeting and any other meetings that require the attendance of Company Secretaries and ensure that meetings are properly convened; (b) Ensure that the quarterly financial results, audited financial statements, annual reports, circulars, etc. and all relevant announcements are announced to Bursa Securities on a timely basis; (c) Ensure that deliberations at the meetings are well captured and minuted; (d) Ensure that the Company complies with the MMLR and the requirements of the relevant authorities; (e) Inform and keep the Board updated of the latest enhancement in corporate governance, changes in the legal and regulatory framework, new statutory requirements and best practices; (f) Remind the Directors and principal officers to refrain from dealings in the Company's securities during the closed period.

	(g) Ensure proper record and maintenance of the Company's proceedings, resolutions, statutory records, register books and documents. (h) Assist the Chairman to organise and co-ordinate in all the Board Committee, Board and General meetings; (i) Assist in compilation of board papers and serve to all Board and Board Committee members; (j) Upkeep and update the statutory records; (k) Liaise with Internal and External Auditors to furnish them with the statutory records for audit purposes; and (l) As the adviser to the Board on corporate governance matters.			
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 1.6

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 Board meets on a quarterly basis, with additional meetings convened as and when necessary. All Directors are notified with the notice of Board Meetings at least seven (7) days in advance. The agenda and a set of board papers were issued at least three (3) days from the date of Board Meetings so as to ensure that the Directors can appreciate the issues to be deliberated and to obtain further explanations, where necessary, to expedite the decision-making process effectively. During the financial year ended 31 December 2024, four (4) Board Meetings were held. A brief profile of each member of the Board is set out in the Directors' Profile section of this Annual Report. The Board recognises that the decision-making process is highly contingent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Company and the Group. All the Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of board papers or upon specific requests, for decisions to be made on an informed basis and effective discharge of Board's responsibilities. The Board members will be furnished with comprehensive explanation and board papers on pertinent issues and recommendations from Management. These issues are then thoroughly deliberated and discussed by the Board prior to decision-making. In addition, the Board members are updated on the Company's activities and operations on a regular basis.

	External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. The senior management team from different business units is also invited to participate at the Board meetings to ensure that all Board members have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. All proceedings of the Board Meetings are properly recorded in the minutes of meetings by the Company Secretaries, circulated in a timely manner and duly signed by the Chairman of the meetings. The Board also resolved and approved the Company’s matters through circular resolutions during the financial year. Every Director has full access to the advice and services of the Company Secretaries as and when required to enable them to discharge their duties effectively. There is a formal procedure sanctioned by the Board, whether as a full Board or in their individual capacity, to seek independent professional advice at the Group’s expense, where necessary in furtherance of their 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

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 is guided by a Board Charter which sets out the principles governing the Board of Directors of the Company and adopts the principles of good governance and practice in accordance with applicable laws, rules and regulations in Malaysia. The Board Charter also sets out the respective roles and responsibilities of the Board, Board Committees, individual Directors, and Management; and issues and decisions reserved for the Board. The Board will periodically review the Board Charter and make any changes whenever necessary. The Board Charter is published on the Company’s corporate website, www.shcm.com.my. The Board Charter was last reviewed on 28 August 2024.	
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 formalised a Code of Business Conduct and Ethics that sets out the basic principles to guide all the Directors, employees and its subsidiary and associate companies. The Board shall observe and adhere to the Company’s Code of Business Conduct and Ethics for Directors which provides guidance regarding ethical and behavioural considerations or actions in discharging their duties and responsibilities. The Board will periodically review the Code of Business Conduct and Ethics to ensure it remains relevant and appropriate. The details of the Code of Business Conduct and Ethics are available for reference at the Company’s website, www.shcm.com.my. The Code of Business Conduct and Ethics was last reviewed and updated on 23 November 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 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 put in place an avenue for employees and stakeholders to report genuine concerns about unethical behaviour, malpractices and illegal acts or failure to comply with regulatory requirements without fear of reprisal. All cases shall be independently investigated and appropriate actions taken where required. The details of the Whistleblowing Policy and Procedures are available for reference on the Company’s website at www.shcm.com.my. The Whistleblowing Policy and Procedures was last reviewed on 29 May 2024.	
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 Company has established a Sustainability Working Group ("SWG") comprises senior management personnel of the Company from the Accounts & Finance Department, Human Resources & Administration Department, and Compliance Officer of the Company. The duties and responsibilities of the SWG include:- • Assessing the sustainability performance and reporting its findings to the Board; • Ensuring quick response to any critical sustainability related issues; • Monitoring and tracking data to ensure success of the Group's sustainability programs and reporting its findings to the Board; • Setting targets for key initiatives and sustainable growth plans while providing guidance on operational functions; and • Managing a successful audit for related standard in the Group.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company's Sustainability Statement is incorporated in the Annual Report 2024 which can be found on the Company's website at www.shcm.com.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The 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	:	The Board ensures continuing performance development is undertaken by each of its members. The Directors of the Group are accorded relevant opportunities to keep themselves abreast on the latest developments such as legal and regulatory changes, industry developments and business development including sustainability matters amongst others. The duties and responsibilities of the Board include:- • The highest governing body of the Company accountable strategy and performance; • Accountable for Group sustainability strategy and performance; • Ensure all business activities address ESG impacts; • Review sustainability commitments and approves those that are consistent with the Group's vision, mission and values; and • Approve the Sustainability Report for inclusion in the Company's 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	:		
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	:	As part of the Company's Board Effectiveness Evaluation exercise for 2024, the Directors were formally assessed on their performance with regards to oversight material sustainability risks and opportunities.	
Explanation for departure	:	Please provide an explanation for the departure.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	The Company conducts an annual assessment to evaluate the effectiveness of the Board and the Board Committees as well as the performance of each individual Director through the Nomination and Remuneration Committee ("NRC"). The evaluation involves each and respective Director and Committee member completing separate evaluation questionnaires regarding the processes of the Board and its Committee, its effectiveness and where improvements could be considered. The criteria for the evaluations are guided by the Corporate Governance Guide—Towards Boardroom Excellence. The Audit Committee carried out its evaluation with the view of maximising its performance in the best interest of the Company. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. These assessments and comments were summarised and discussed at the NRC meeting which were then reported to the Board at the Board Meeting held thereafter. The NRC evaluated all the above Assessment Forms at the NRC Meeting held on 26 February 2025 and was satisfied with the performance of the Board and Board Committees as well as the performance of individual Director.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Applied
Explanation on application of the practice	:	The Board consists of six (6) members; comprising one (1) Managing Director, one (1) Executive Director, one (1) Non-Independent Non-Executive Director, and three (3) Independent Non-Executive Directors. The composition of the Board complies with paragraph 15.02 of the MMLR of Bursa Securities; and half of the Board comprises Independent Directors which is in compliance with the MCCG. The Group is led and controlled by an experienced Board, many of whom have vast knowledge of the business. There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring the Board's effectiveness and conduct, monitoring the monthly results to ensure they meet the budget and goals. The Managing Director is responsible for the day-to-day management of the business as well as the implementation of the Board's policies and decisions. The Independent Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls and provide unbiased and independent views to safeguard the interest of the shareholders. Together with the Managing Director who has in-depth knowledge of the business, the Board constitutes of individuals who are committed to business coupled with integrity and professionalism in all its activities. Mr. Mak Hon Weng is the Chairman of the Board whilst the Managing Director is YBHG. Dato' Choo Keng Weng. The Board considers that the current size of the Board is adequate and facilitates effective decision-making. The NRC had reviewed the present composition of the Board and the existing Board Committees and is satisfied that they have adequately carried out their functions within their scope of work.
Explanation for departure	:	Please provide an explanation for the departure.

	Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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	:	The Board noted the MCGG recommendation that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. In the event such a Director is to be retained as an Independent Director, the Board must justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the ninth (9th) year, annual shareholders' approval must be sought through a two-tier voting process to retain the said Director as an Independent Director. Upon completion of the twelfth (12th) year, an Independent Director may continue to serve on the Board subject to his re-designation as a Non-Independent Director. Presently, Mr. Mak Hon Weng is an Independent Non-Executive Director of the Company whose tenure has exceeded a cumulative term of nine (9) years. Mr. Mak Hon Weng has served the Board as an Independent Non-Executive Director of the Company. His contribution and independence judgement were deliberated at the Nomination and Remuneration Committee ("NRC") meeting held on 26 February 2025. The NRC members were satisfied that Mr. Mak Hon Weng maintains his independency despite of his long service extended to the Company and recommended to the Board to seek for shareholders' approval at the forthcoming 63rd Annual General Meeting. The retention of Mr. Mak Hon Weng as an Independent Non-Executive Director at the forthcoming 63rd Annual General Meeting will be subject to two-tier voting. The Board believes that although Mr. Mak Hon Weng has served more than nine (9) years on the Board, he remains unbiased, objective, and independent in expressing his opinions and in participating in the decision-making of the Board. The length of his service on the Board has not in any way compromised with his objective and independent judgement in carrying out his role as a member of the Board and Committees. The Board obtained shareholders' approval at the previous Annual General Meeting to retain Mr. Mak Hon Weng as an

	Independent Non-Executive Director of the Company. Accordingly, the Board is making a recommendation to shareholders for approval at the forthcoming 63 rd Annual General Meeting of the Company that Mr. Mak Hon Weng to remain as an Independent Non-Executive Director of the Company.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.4 - 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	:	The Board appoints its members through a formal and transparent selection process, which is consistent with the Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NRC. The NRC will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure all appointments are properly made and that legal and regulatory requirements are met. The appointment process of a new Director summarised as follows: I. To source for individuals with the right calibre who meet the needs and criteria set. The source can be from the pool of professional bodies or recommendation from the Management or Company Secretaries; II. To go through the assessment process guided by the Directors' Fit and Proper Policy and checklist from MMLR of Bursa Securities; III. In evaluating the suitability of candidates to the Board, the NRC considers, inter-alia, the required mix of skills, expertise, experience, time commitment, and contribution of the candidates can bring to the Board. In the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence will be considered; IV. Recommendation to be made by the NRC to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and V. Decision to be made by the Board on the proposed new appointment including appointment to the various Board Committees.

	The appointment of new Board members and Key Senior Management will be guided by the skills, competencies, knowledge, experience, commitment, and integrity of the candidate.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Board considers that the current size of the Board is adequate and facilitates effective decision-making. The appointment of new Board members and Key Senior Management will be guided by the skills, competencies, knowledge, experience, commitment, and integrity of the candidate.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and their shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of Annual General Meeting. The NRC is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment based on the reviews of their performance and their contribution to the Board through their skills, experience, qualities, and ability to act in the best interests of the Company in decision-making.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The NRC of the Company comprises exclusively Independent Non-Executive Directors and its composition are as follows: • YM Tunku Azlan bin Tunku Aziz (Chairman, Independent Non-Executive Director) • Mr. Mak Hon Weng (Member, Independent Non-Executive Director) • Puan Erna Syafina binti Abdul Rahman (Member, Independent Non-Executive Director)	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Currently, one out of the 6 Board members is female, translating to 17% women directors. The Board believes in and provides equal opportunities based on merit. There are several female senior management staff members in the Group. In selecting candidates for Board appointments, the Board believes in and ensures equal opportunity for candidates possessing the required skills, experience, core competencies and other qualities, irrespective of gender, ethnicity or age. The Board will assess the involvement of women in senior management to ensure a robust talent pipeline.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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	:	The Board does not establish the diversity policy for the Board and workforce in terms of gender, age and ethnicity or set any targets, as it believes that the appointment of Directors and employees should strictly be based on merit, and not driven by any nationality, racial, age or gender bias. The Group does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies for setting targets for female candidates in the workforce. The evaluation of candidate suitability as a new Board member or a member of the workforce is based on competency, skills, character, time commitment, knowledge, experience, and other qualities relevant to meeting the needs of the Group, regardless of gender. The Group provides equal opportunities to all its employees and does not practise discrimination of any form, whether based on age, gender, race, and religion, throughout the organisation. In the selection of candidates for Board appointments, the Board believes in providing equal opportunities to candidates with the required skills, experience, core competencies and other qualities, irrespective of gender, ethnicity and age. The Board will review the participation of women in senior management to ensure a healthy talent pipeline.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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	: The Company conducts an annual assessment to evaluate the effectiveness of the Board and the Board Committees as well as the performance of each individual Director through the NRC. The NRC held one (1) meeting during the financial year ended 31 December 2024. The details of the terms of reference of NRC are available for reference at the Company's website, www.shcm.com.my. The evaluation involves each and respective Director and Committee member completing separate evaluation questionnaires regarding the processes of the Board and its Committee, its effectiveness and where improvements could be considered. The criteria for the evaluations are guided by the Corporate Governance Guide—Towards Boardroom Excellence. The Audit Committee carried out its evaluation with the view of maximising its performance in the best interest of the Company. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. These assessments and comments were summarised and discussed at the NRC meeting which were then reported to the Board at the Board Meeting held thereafter. The NRC evaluated all the above Assessment Forms at the NRC Meeting held on 26 February 2025 and was satisfied with the performance of the Board and Board Committees as well as the performance of individual Director.
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 Remuneration Policy was established and approved by the Board of Directors on 29 June 2022. It is applicable to the Directors and Key Senior Management of the Company. Besides, the Board will periodically review the Remuneration Policy to ensure its effectiveness. The last review and updated was on 28 August 2024. A copy of the Remuneration Policy is available for reference on the Company's website at www.shcm.com.my	
Explanation for departure	:		
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	The Nomination and Remuneration Committee ("NRC") of the Company comprises exclusively Independent Non-Executive Directors and its composition are as follows: • YM Tunku Azlan bin Tunku Aziz (Chairman, Independent Non-Executive Director) • Mr. Mak Hon Weng (Member, Independent Non-Executive Director) • Puan Erna Syafina binti Abdul Rahman (Member, Independent Non-Executive Director) The NRC held one (1) meeting during the financial year to carry out its function as stated within the terms of reference. The details of the terms of reference of NRC are available for reference at the Company's website, www.shcm.com.my. The NRC is responsible for establishing and reviewing the policy of remuneration framework and recommending to the Board the remuneration packages of all Directors based on their skills, level of responsibilities, experience, and performance. The remuneration of Directors is determined at levels that enable the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The NRC reviews the Board remuneration policy and terms of conditions of service of each Director annually, taking into consideration market conditions and comparisons, responsibilities held, business strategy, long-term objectives, and the overall financial performance of the Group. The NRC also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommends to

	the Board for their consideration. Non-Executive Directors are paid by way of directors' fees and a meeting allowance for each meeting attended. Individual Director is refrained from deliberating on his/her own remuneration. The Board will then recommend the Directors' fees and other benefits payable to Directors to the shareholders for approval at the Annual General Meeting in accordance with Section 230(1) of the Companies Act 2016.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	

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	YBHG. Dato' Choo Keng Weng	Executive Director	35	-	1,093	223	-	211	1,562	65	-	1,093	223	-	211	1,592
2	Mr. Choo Kin Choong	Executive Director	50	-	423	87	-	83	643	80	-	423	87	-	83	673
3	Mr. Mak Hon Weng	Independent Director	35	23	-	-	-	-	58	35	23	-	-	-	-	58
4	Mr. Thomas Tuan Kit Kwong	Non-Executive Non-Independent Director	35	6	-	-	-	-	41	35	6	-	-	-	-	41
5	YM Tunku Azlan bin Tunku Aziz	Independent Director	35	23	-	-	-	-	58	35	23	-	-	-	-	58
6	Puan Erna Syafina binti Abdul Rahman	Independent Director	50	8	-	-	-	-	58	50	8	-	-	-	-	58
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
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
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																

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 view that disclosure of top five (5) key senior management's remuneration on named and in bands of RM50,000 basis would not be in the best interest of the Company on the grounds of confidentiality and sensitivity concerns arising from such disclosure. The Company believes that disclosure of the detailed remuneration of the top five (5) key senior management in bands of RM50,000 may be detrimental to its own interests due to the scarcity of human resources with the relevant experience, expertise and knowledge in the Company's business environment and the competitive nature by other companies to acquire such resources.	
		The Board assures that there is a robust internal process to ensure that the remuneration of Senior Management is fair and competitive when benchmarked internally and externally with the market.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	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 Chairman of the Audit Committee (“AC”), YM Tunku Azlan bin Tunku Aziz is not the Chairman of the Board, and the AC’s members consist solely of Independent Non-Executive 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

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 comprises three (3) members, all whom are Independent Non-Executive Directors. At present, none of the present AC members is a former key audit partner of the Company’s external auditors within the last three years.	
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	:	The AC assesses the suitability and independence of the External Auditors on an annual basis. Areas of assessment include, amongst others, the External Auditors' objectivity and independence, audit fees, size and competency of the audit team, audit strategy, audit reporting and partner involvement. The inputs/opinions from the Company's personnel who had constantly contacted with the external audit team throughout the year would also be used as a tool in the judgement of the suitability of the External Auditors. The External Auditors, in supporting their independence, will provide the AC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors have provided such a declaration in their annual audit plan presented to the AC of the Company during the financial year. The External Auditors of the Company fulfill an essential role on behalf of the Company's shareholders in giving an assurance to the shareholders on the reliability of the financial statements of the Company and the Group. The External Auditors have an obligation to bring to the attention of the Board, the AC and the Company's Management any significant defects in the Group's systems of reporting, internal control, and compliance with applicable approved accounting standards and the requirements of the Companies Act 2016 in Malaysia.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The AC comprises of all Independent Directors, the composition of the Committee is as follows: • YM Tunku Azlan bin Tunku Aziz (Chairman, Independent Non-Executive Director) • Mr. Mak Hon Weng (Member, Independent Non-Executive Director) • Puan Erna Syafina binti Abdul Rahman (Member, Independent Non-Executive Director) The Chairman of the AC, YM. Tunku Azlan bin Tunku Aziz is not the Chairman of the Board, and the AC's members consist solely of Independent Non-Executive Directors. The details of the terms of reference of the AC are available for reference at the Company's website, www.shcm.com.my.

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	:	The members of AC collectively possess the necessary skills and knowledge to discharge their duties and are financially literate. The profiles of the AC members are provided in the Annual Report. The Chairman of AC is a Chartered Accountant.	
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 had established an effective risk management and internal control framework as set out in the Statement on Risk Management and Internal Control ("SORMIC"). The key features of the Audit Framework are presented in the SORMIC of the Company as set out in page 41 to 43 of this Annual Report 2024. The Board has the ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework to achieve its objectives within an acceptable risk profile as well as safeguarding the interest of stakeholders and shareholders and the Group's assets. The Risk Management Committee comprises the senior management team which reports the risk profile and risk management framework to the AC on quarterly basis. The primary responsibility and purpose of the AC are to assist the Board in fulfilling its responsibility with respect to evaluating, reviewing and monitoring the Group's risk management framework and activities on an on-going basis. The AC reports to the Board regarding the Group's risk exposures, including reviewing the risk assessment model used to monitor the risk exposures and Management's view on the acceptable and appropriate level of risks faced by the Group's Business Unit. The internal audit function is outsourced to a professional firm who reports directly to the AC.
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 10.2

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, and the adequacy and effectiveness of this framework are contained in the Statement of Risk Management and Internal Control which is on page 41 to 43 of the Company’s Annual Report 2024.	
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	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Group has outsourced its internal audit function to Messrs Baker Tilly Monteiro Heng Governance Sdn. Bhd., a professional firm specialising in providing accountancy, business and financial advisory services to local and multinational organisations. During the financial year ended 31 December 2024, the Internal Auditors conducted audits to assess the adequacy of internal controls of the main operating subsidiaries, based on the audit plan approved by the AC. The Internal Auditors reported their findings and recommendations to the AC for deliberation together with the Management. Where areas of improvement were required, they were highlighted to the Management for implementation. The AC monitored the progress of the implementation. The details of internal audit function during the financial year under review are stated in the Statement on Risk Management and Internal Control of this 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

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 internal audit personnel are free from any relationships or conflicts of interest, which could impair the objectivity and independence. The Group has outsourced its internal audit function to Messrs Baker Tilly Monteiro Heng Governance Sdn. Bhd., a professional firm specialising in providing internal audit and risk advisory services to commercial organisations, whether listed or not, including multinational organisations. The internal audit function is led by Mr. Kuan Yew Choong, the Head of Internal Audit of the outsourced service provider. He is a professional member of the Institute of Internal Auditors Malaysia and holds the professional qualification of FCCA. Mr. Kuan is supported by a team of two (2) other internal auditors who possess relevant work experience. The Internal Auditors engaged with various Head of Division to conduct entrepreneur risk management, aligning risk appetites with internal controls and control plans. They also regularly review and appraise the effectiveness of the internal control system, governance and risk management within the Company and the Group. The AC assesses the independence of the Internal Auditors and reviews their internal audit plan and framework every year to ensure the internal audit function is carried out according to the internal audit plan.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board believes that a constructive and effective investor relationship is essential in enhancing shareholders' value and recognises the importance of timely dissemination of information to shareholders. In addition to shareholder participation at general meetings, the Board also encourages other channels of communication with shareholders. For this purpose, shareholders and other stakeholders may convey their concerns relating to the Company to the Independent Director, YM Tunku Azlan bin Tunku Aziz, at the contact details provided in the corporate information section of this Annual Report. The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving its shareholders as clear and complete information of the Company's financial performance, major developments, and position as possible. Such information is communicated through the Annual Report, various disclosures and announcements to Bursa Securities, including quarterly and annual results, and the corporate website.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	It is a requirement for the Company to send the Notice of Annual General Meeting and related circular to its shareholders at least twenty-eight (28) days before the meeting.	
Explanation for departure	:	Please provide an explanation for the departure.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 13.2

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	:	All the attended Board members including the Chairman of Board Committees as well as Senior Management, and the Company's External Auditors responded to all questions/enquiries from the shareholders.	
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	:	Applied	
Explanation on application of the practice	:	The Company’s AGM in 2024 was held virtually. To facilitate Shareholders participation and in the event, they are not able to attend, shareholders are entitled to appoint representatives or proxy/proxies to participate in general meetings and to vote on their behalf in their absence. The Company embraces technology advancement by facilitating members to participate members’ meetings via online and remote poll voting for AGM/EGM held.	
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	:	The key element of the Company's dialogue with its shareholders is the opportunity to gather views of, and answer questions from, both the individual and institutional investors on all aspects relevant to the Company at the AGM/EGM. It is also a requirement for the Company to send the Notice of AGM/EGM and related circular to its shareholders at least twenty-eight (28) days before the meeting. At the AGM/EGM, shareholders are encouraged to ask questions about the resolutions being proposed or the Group's operations in general. All questions raised were addressed during the meetings. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholders with a written answer after the AGM/EGM. All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board made announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings to facilitate greater shareholder participation.
Explanation for departure	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
Application	:	Applied
Explanation on application of the practice	:	The Company embraces technological advancement by facilitating members to participate in meeting via online platform and remote poll voting at the AGM held in 2024. This approach upholds health safety and enables broader geographically access for members to participate. All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board made announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings to facilitate greater shareholder participation.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board acknowledges the recommendation of the MCCG 2021 and will consider uploading the minutes of the general meetings no later than 30 business days after the general meetings to the Company's website in future.
		The minutes of the general meetings of the Company are available for shareholders inspection upon request.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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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