

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0242  
**COMPANY NAME** : PAPPAJACK 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 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors (“the Board”) of Pappajack Berhad (“PAPPAJACK” or “the Company”) has overall responsibility over the Company and its subsidiary companies (“PAPPAJACK Group” or “the Group”). The Board is responsible for providing leadership and stewardship over the management and operations of the Group and these includes establishing and setting the goals and strategic directions of the Company and the Group that will ensure its long-term sustainability and resilience.</p> <p>The Board in discharging its fiduciary duties and responsibilities is guided by the Company's Board Charter. In managing the daily affairs of the Group, the Board has delegated such responsibility to the Group Managing Director/Chief Executive Officer (“GMD/CEO”).</p> <p>The Board delegates specific responsibilities to four (4) Committees, namely Nomination Committee (“NC”), Remuneration Committee (“RC”), Audit Committee (“AC”) and Risk Management Committee (“RMC”). Terms of references (“TOR”) have been established for all Board Committees.</p> <p>Board meetings are held on a quarterly basis to ensure the strategic direction of the Company and the Group continues to support long term value creation and to discharge duties and responsibilities.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is led by an Independent Chairman, Mr Chong Chee Fire, who was appointed to the Board on 3 May 2021. The Chairman is primarily responsible for providing leadership to the Board, facilitating the orderly and constructive resolution of matters reserved for the board, promoting corporate governance and ensuring board effectiveness.</p> <p>Specific responsibilities of the Board Chairman are clearly set out in the Company's Board Charter as follows:</p> <ul style="list-style-type: none"><li>• Lead the Board in achieving the corporate objectives and long-term success of the Company.</li><li>• Review contributions made by Board members and set out criteria on independence assessment.</li><li>• Facilitate effective and productive working relationships between the Executive Directors and Non-Executive Directors and manage the interface between board and management.</li><li>• Ensure effective communication with shareholders and stakeholders and enable their views to be communicated to the board as a whole, in particular, at the annual general meeting.</li><li>• Encourage active participation and allow dissenting views to be freely expressed.</li><li>• Lead the board in establishing and implementing good corporate governance practices in the Company.</li><li>• Set agenda for board meetings and ensures the board members receive complete and accurate information on a timely manner.</li><li>• Manage the business of the Board including setting the board agenda.</li><li>• Lead board meeting and discussions.</li></ul>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has ensured that the position of Board Chairman and MD/CEO are held by different individuals. A clear distinction of roles and responsibilities between Board Chairman and MD/CEO has been established and provided in Board Charter.</p> <p>The Chairman of the Company is Chong Chee Fire whose primary responsibility is to provide leadership to the Board, lead discussion on strategies and policies recommended by the Management, facilitate the orderly resolution of matters reserved for the board, and ensuring board effectiveness and its collective oversight over the Group.</p> <p>The Company's MD/CEO is Lim Boon Hua whose primary responsibilities are to oversee the day-to-day running of business and operations of the Group and to implement the strategies and policies of the Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: Chairman of the Board, Mr. Chong Chee Fire, is not a member of the Audit, Risk Management, Nomination or Remuneration Committee.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretary is a qualified Chartered Secretary (ICSA) and Fellow Member of the Malaysian Institute of Chartered Secretaries (MAICSA) who provide advice and regularly update the Board on good governance, board policies and procedures, administrative matters and corporate compliances. All Directors have unhindered access to the advice and services of the Company Secretary, whose appointment and removal is a matter of the Board as a whole.</p> <p>The Company Secretary also ensures that the Board is kept well informed on any regulatory requirements and update on the developments in the area of corporate governance that affect the duties and responsibilities of the Directors as well as the Company being a public listed company. In this respect, the Company Secretary has attended training and seminars conducted by relevant regulatory bodies to keep abreast with the relevant updates on statutory and regulatory requirements and updates on the Ace Market Listing Requirements ("AMLR") of Bursa Securities.</p> <p>The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares, in accordance with Chapter 14 of the AMLR of Bursa Securities. Deliberations during the Board and Board Committees' meetings were properly minute and documented by the Company Secretary.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All members of the Board are supplied with information in a timely manner. Board reports and papers are circulated in advance prior to Board meetings to enable Directors to obtain further information and explanations, where required, before the meetings. The notice of Board meetings are circulated to the Board members at least seven (7) days before the meeting. Meeting papers and/or other relevant information and documents relating to the meeting agenda are provided to all Board members prior to the Board meeting so that Board members have sufficient time to appreciate matters for discussion and in turn are able to contribute to constructive deliberation and effective decision-making.</p> <p>The Company Secretary is responsible for recording the minutes of each meeting and such minutes are circulated for the Board's review subsequent to each meeting.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter, which is available on the Company's website at <a href="http://www.pappajack.com.my">www.pappajack.com.my</a> serves as a primary reference point on governance matter as well as a guideline for the roles and responsibilities of the Directors and the Board Committees.</p> <p>The Board Charter is developed with a view to promote high standards of corporate governance, ensure all Board members acting on behalf of the Company are aware of their duties and responsibilities and the various legislations and regulations affecting their conduct.</p> <p>Core areas that the Board Charter addresses include the following:</p> <ul style="list-style-type: none"><li>• Duties and functions of the Board and Board members;</li><li>• Board composition and balance;</li><li>• Directors' tenure, nomination, appointment, remuneration</li><li>• Obligations of individuals directors, senior independent director, independent director and GMD/CEO</li><li>• Functions of board committees</li><li>• Board governance process and procedures</li><li>• Stakeholders' relationship</li></ul> <p>The Board Charter will be periodically reviewed by the Board and updated in accordance with the needs of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's Code of Conduct that set out the core values of the Group has been established. The Code of Conduct acts as guidance for the Board to assist in promoting ethical business conduct and behaviour, and to oblige employees to maintain high standards of ethics and integrity in day-to-day business and operations. The Code of Conduct is available on the Company's website via <a href="http://www.pappajack.com.my">www.pappajack.com.my</a>.</p> <p>Individual operating subsidiaries have their respective Employee Handbooks which specify detailed obligations of employees and code of conduct at the respective entity. The Board and Management strive to demonstrate their commitments through their conduct and behaviour in order to uphold integrity and ethical values propagated in the Company's code of ethics</p> <p>The Board values integrity in its dealings and observes zero tolerance towards corrupt or illegal practices undertaken by staff in the course of their work. To this end, the Company has adopted an anti-corruption policy and framework in the inculcation of high standards of integrity and ethics across the Group as well as in promoting good corporate governance practices and accountability in its businesses and operations.</p> <p>The Company also have a Whistleblowing Policy &amp; Procedure to allow employees and external stakeholders to report any concern or complaint regarding any questionable or suspicious matter, including conflict of interest, insider trading, collusion with competitors, serious regulatory and legal breaches, fraud, corruption, misconduct, etc. This will assist in establishing good governance and keep stakeholders in check.</p>

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

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has developed a Whistleblowing Policy for the Group so as to enable a whistle-blower to report any improper conduct and to provide protection to the whistle-blower against any reprisal as consequence of making such disclosure.</p> <p>The Whistleblowing Policy is applicable to all stakeholders, including employees (including employees on contract terms, temporary or short-term employees and employees on secondment) and third parties who may be aware of or genuinely knows or reasonably belief that an employee of the Company has engaged, is engaging or is preparing to engage in any improper conduct.</p> <p>All whistleblowing report can be made through the following channels:</p> <ul style="list-style-type: none"> <li>• Email to <a href="mailto:enquiry@pappajack.com.my">enquiry@pappajack.com.my</a>; or</li> <li>• Via Post /Courier</li> </ul> <p>An Investigating Team has been established to responsible to investigate on all whistle-blowing cases received and determine on the next appropriate course of action. Detailed procedures on the reporting of improper conduct have been set out in the Whistleblowing Policy that has been published on the Company's website at <a href="http://www.pappajack.com.my">www.pappajack.com.my</a> .</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	One of the key responsibilities of the Board under the Board Charter is to review, approve and implement strategic initiatives that support long term value creation and promote sustainability. Accordingly, the Board is ultimately responsible for ensuring that sustainability is integrated into the strategy setting of the Company. In achieving this, the Board has incorporated sustainability considerations into meeting agendas of the Group's meetings.  Sustainability related activities undertaken and targets set out by the Company has been disclosed in the Sustainability Statement of the Company's Annual Report for the financial year ended 31 December 2022 ("FY2022").
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board undertake review and approval of sustainable development strategies and policies in respect of areas relating to:-</p> <ol style="list-style-type: none"><li>1. Employees - The Company provide training and skills enhancement programs to its employees from time to time.</li><li>2. Environment - The Board supports initiatives on environmental issues and abide by all environmental impact laws and regulations in the course of its projects.</li><li>3. Social Responsibility - The Board shall support charitable causes and initiatives on community development projects.</li></ol> <p>Detailed description of the Company's stakeholder engagement groups and priority together with its sustainability aspirations and performances are as set out in the Company's Sustainability Statement, which is set out in the Company's Annual Report for FY2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board understands the importance of sustainability creation and has identified its stakeholder engagement groups as well as relevant areas of sustainable management in the Company's Sustainability Statement as set out in the Company's Annual Report for FY2022.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The performance evaluations of the Board and senior management include a review of the performance in addressing the Company’s material sustainability risks and opportunities.</p> <p>It is part of the procedure to measure progress against the achievement of sustainability targets in order to promote accountability of the Board and senior management and identify issues that may require intervention by the Board and/or senior management to ensure prompt corrective actions are taken.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.*

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has policy stated in its Board Charter whereby every newly appointed Director shall be subjected to re-election at the Company's next AGM subsequent to their appointment. Furthermore, one third (1/3) of the Board shall retire from office and be eligible for re-election at every AGM, and all Directors shall submit themselves for re-election once at least every three (3) years to ensure the Board is refreshed periodically and re-election is granted upon satisfactory evaluation of the Director's performance and contribution to the Board.</p> <p>The tenure of an Independent Director is limited to nine (9) years and he/she may continue to serve on Board subject to redesignation as Non-Independent Director. An Independent Director may be retained as an Independent Director after serving for a cumulative period of more than nine (9) years, subject to assessment and recommendation of the NC and the Board recommends with strong justification for shareholders' approval at the AGM via a two-tier voting process.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board consists of six (6) members presently, comprising one (1) Independent Non-executive Chairman, three (3) Independent Non-Executive Directors (“ <b>INED</b> ”) and two (2) Executive Director. Four (4) out of six (6) members, in other words, more than half of the Board members are INEDs.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>According to the Company's Board Charter, the tenure of an INED shall not exceed a cumulative term of nine (9) years. However, there is no INED serving beyond the nine (9) years period.</p> <p>An independent director may be retained as an Independent Director after a cumulative term of nine (9) years, subject to the Board justifying and seeking shareholder's approvals upon recommendation of the NC.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.*

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The current Board consists of Directors from diverse background and specialisation, collectively bring with them a wide range of experience and expertise in areas such as financial and accounting, legal practice, business administration which could provide the Company with considerable experience in a wide range of activities.</p> <p>The NC plays an important role in monitoring board effectiveness. The responsibilities of NC are as follows:</p> <ul style="list-style-type: none"><li>▪ Assists the Board to establish a formal and transparent procedure on the appointment and assessment of Directors and the Board Committees.</li><li>▪ Review the work experience, integrity, commitment, competency, qualifications and track record of any proposed new nominees for the positions of directors and CEO before recommending the candidate to the Board for approval.</li><li>▪ Review the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.</li><li>▪ Assess on an annual basis, the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual Director.</li></ul> <p>According to the Company's Board Charter, any Board member, whilst holding in office, is at liberty to accept other board appointments so long as the appointment is not in conflict with the business of the Company and does not detrimentally affect the Director's performance as a Board member. All such appointments must first be notified to the Board Chairman before being accepted. The notification should include an indication of time that will be spent on the new appointment.</p>

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

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Policies and procedures for appointment of Directors are outlined in the Board Charter and TOR of NC. The appointment of a new Director is a matter reserved for the Board and decisions made in respect of Board appointment are made based upon recommendation from the NC.</p> <p>On annual basis, the NC shall evaluate the Board's balance, mix of skills, knowledge, experience and diversity as well as the current and future needs of the Company prior to considering or proposing any new appointment to the Board.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The information relating to appointment or reappointment of a Director are included in the notes accompanying the notice of the general meeting to allow shareholders to make an informed decision on these appointments.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All members of the Nomination Committee are Independent Non-Executive Directors and chaired by Dato' Magaret Ting Thien Hung.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Although the Company has yet to adopt a gender diversity policy at the Board, the Board is already advocating gender diversity by having two (2) female directors, representing 33% of the Board composition, with the objective of bringing diversity to the Board's deliberation and decision-making process, and to encourage women participation on the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Although PAPPAJACK currently does not have a gender diversity policy for the Board and senior management, the Board has already practised gender diversity at the Board and at the workforce level as women representation constituted 30% and 70% respectively.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Board conducted board assessment and evaluation on an annual basis.  Internal evaluation was conducted through questionnaires circulated to the Board prior the NC Meeting covering various aspects pertaining to board effectiveness such as:- <ul style="list-style-type: none"><li>• The effectiveness of the Board as a whole and the effectiveness of the Board Committees;</li><li>• The character, experience, integrity and competence of the Directors, and to ensure they have the time to discharge their respective roles;</li><li>• The mix of skills and experience of each individual Director including the core competencies of the Non-Executive Directors; and</li><li>• The level of independence of Directors.</li></ul> Based on the evaluation on the effectiveness of the Board Committees of the Company, the NC assessed and concluded that the four (4) Board Committees namely AC, RMC, NC and RC have discharged their respective functions effectively during the financial year ended 31 December 2022.  The NC also perused the evaluation forms on the level of independence of Directors which had been completed by the INED and noted that the INED have fulfilled and complied with the criteria of independence under the AMLR of Bursa Securities and

	<p>the NC viewed that they continue to demonstrate their independence through their engagement in meetings, providing objective challenge to the Management and bringing independent judgment to decisions made by the Board.</p> <p>The Terms of Reference of the NC is available on the Company's website.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

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

### Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Remuneration Policy was established with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key senior management. On a yearly basis, the RC reviewed and recommended to the Board the remuneration packages of the Executive Directors, while the remuneration for the Non-Executive Directors was determined by the Board as a whole. Fees and benefits payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors had abstained from participation in deliberations and decisions regarding their individual remuneration.</p> <p>In making its recommendation, the RC considered the principles set out in the Board Remuneration Policy. Board remuneration was structured to align rewards to corporate and individual performances besides adequately compensate the Directors for risks and complexities of the duties and responsibilities they assumed.</p> <p>The Board Remuneration Policy is available on the Company's website and is reviewed periodically.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The RC was established to assist the Board in implement the Company’s policies and procedures on remuneration and to undertake the below mentioned responsibilities:</p> <ul style="list-style-type: none"> <li>• Develop and formulate a transparent policy on the setting of remuneration of directors and senior management;</li> <li>• Adopt a formal and transparent procedure for determining and setting the remuneration package of each director and senior management personnel, including the criteria and consideration on the merits and contributions made;</li> <li>• Align the Executive Director’s remuneration, benefits and rewards to corporate and individual performances;</li> <li>• Ensure that the remuneration packages of directors and senior management are sufficient to attract and retain talent needed to manage the Company and the Group successfully; and</li> <li>• Review the remuneration packages from time to time to gauge its competitiveness and attractiveness, and to make recommendations if and when necessary.</li> </ul> <p>The Terms of Reference of the RC is available on the Company's website via <a href="http://www.pappajack.com.my">www.pappajack.com.my</a></p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Remuneration of directors for FY2022 are disclosed on a named basis together with the remuneration breakdown on the overleaf page.

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	Chong Chee Fire	Independent Director	48,000	1,500	-	-	-	-	49,500	-	-	-	-	-	-	-
2	Lim Boon Hua	Executive Director	120,000	-	120,000	-	-	16,601.80	256,601.80	-	-	-	-	-	-	-
3	Law Book Ching	Executive Director	39,996	-	60,000	-	-	8,801.80	108,797.80	-	-	-	-	-	-	-
4	Dato Margaret Ting Thien Hung	Independent Director	36,000	1,500	-	-	-	-	37,500	-	-	-	-	-	-	-
5	Koo Woon Kan	Independent Director	36,000	1,500	-	-	-	-	37,500	-	-	-	-	-	-	-
6.	Cheong Woon Yaw	Independent Director	36,000	1,500	-	-	-	-	37,500	-	-	-	-	-	-	-

**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.

<b>Application</b>	:	Applied – the company discloses the remuneration of members senior management who are not members of the board	
<b>Explanation on application of the practice</b>	:	<p>The Chief Executive Officer, Mr. Lim Boon Hua, Executive Director, Mr. Law Book Ching, Chief Operating Officer, Mr. Lim Chee Hsiung, and the CFO, Mr. Wong Koon Wai form the senior management team.</p> <p>The Board is of the opinion that the disclosure of individual Top Four (4) Senior Management's remuneration in bands of RM50,000 will not have a significant impact on the stakeholders' evaluation of the Group's corporate governance.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Lim Boon Hua	Chief Executive Officer	100,001-150,000	0-50,000	0-50,000	0-50,000	100,001-150,000	250,001-300,000
2	Law Book Ching	Executive Director	50,001-100,000	0-50,000	0-50,000	0-50,000	0-50,000	100,001-150,000
3	Lim Chee Hsiung	Chief Operating Officer	150,001-200,000	0-50,000	0-50,000	0-50,000	0-50,000	200,001-250,000
4	Wong Koon Wai	Chief Financial Officer	50,001-100,000	0-50,000	0-50,000	0-50,000	0-50,000	100,001-150,000

**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the AC is not the Chairman of the Board:- <ul style="list-style-type: none"> <li>• The Chairman of the Board of Directors' is Mr Chong Chee Fire, an Independent Non-Executive Director; and</li> <li>• The AC Chairman is Madam Koo Woon Kan, an Independent Non-Executive Director.</li> </ul>	
<b>Explanation for departure</b>	:		
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company has never appointed former partners of its external audit firm to its Board of Directors.</p> <p>The Terms of Reference for AC of the Company requires a cooling-off period of at least three years if any former key audit partner is considered as candidate for AC in the future.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board, through its AC maintains a formal and transparent relationship with its External Auditors. The Board had delegated the responsibility to the AC for making recommendations on the appointment, re-appointment or removal of the External Auditors as well as on their remunerations.</p> <p>The AC ensured that the External Auditors work closely with the Internal Auditors to enhance the effectiveness of the overall audit process. The AC assessed the performance and effectiveness of the External Auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence.</p> <p>During the financial year, the AC will meet with the External Auditors at least once without the presence of the Executive Directors and members of the management to enable the External Auditors to highlight to the AC any pertinent issues relating to the audit being carried out.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Adopted																
<b>Explanation on adoption of the practice</b>	:	<p>The Terms of Reference of the AC states that the membership of AC shall consist of not less than three (3) members, the majority of whom shall be Non-Executive Directors. The Chairman of the Committee shall be an INED.</p> <p>Composition of the AC is as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Name</th><th>Designation</th><th>Directorship</th></tr></thead><tbody><tr><td>1.</td><td>Koo Woon Kan</td><td>Chairman</td><td>Independent Non-Executive Director</td></tr><tr><td>2.</td><td>Dato' Magaret Ting Thien Hung</td><td>Member</td><td>Independent Non-Executive Director</td></tr><tr><td>3.</td><td>Cheong Woon Yaw</td><td>Member</td><td>Independent Non-Executive Director</td></tr></tbody></table>	No.	Name	Designation	Directorship	1.	Koo Woon Kan	Chairman	Independent Non-Executive Director	2.	Dato' Magaret Ting Thien Hung	Member	Independent Non-Executive Director	3.	Cheong Woon Yaw	Member	Independent Non-Executive Director
No.	Name	Designation	Directorship															
1.	Koo Woon Kan	Chairman	Independent Non-Executive Director															
2.	Dato' Magaret Ting Thien Hung	Member	Independent Non-Executive Director															
3.	Cheong Woon Yaw	Member	Independent Non-Executive Director															

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.5

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All members of the AC are financially literate and are able to understand matters under the preview of the AC including the financial reporting process. Madam Koo Woon Kan is a member of Malaysian Institute of Accountants ("MIA") with extensive experience in financial reporting.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has established an effective risk management and internal control framework within the Group. Details of the risk management and internal control framework are set out in the Company’s Statement on Risk Management and Internal Control as provided in its annual report for FY2022.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has disclosed features of the risk management and internal control framework, which covers their adequacy and effectiveness are disclosed under the Statement on Risk Management and Internal Control in the Annual Report for FY2022.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Adopted																
<b>Explanation on adoption of the practice</b>	:	<p>The RMC has been established to assist the Board to fulfil its fiduciary responsibilities in relation to risk management and internal controls. The Board has established a terms of reference for the RMC and the composition of RMC is no less than three (3) members, comprising a majority of INEDs.</p> <p>Current composition of the RMC is as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Name</th><th>Designation</th><th>Directorship</th></tr></thead><tbody><tr><td>1.</td><td>Koo Woon Kan</td><td>Chairman</td><td>Independent Non-Executive Director</td></tr><tr><td>2.</td><td>Dato' Magaret Ting Thien Hung</td><td>Member</td><td>Independent Non-Executive Director</td></tr><tr><td>3.</td><td>Cheong Woon Yaw</td><td>Member</td><td>Independent Non-Executive Director</td></tr></tbody></table>	No.	Name	Designation	Directorship	1.	Koo Woon Kan	Chairman	Independent Non-Executive Director	2.	Dato' Magaret Ting Thien Hung	Member	Independent Non-Executive Director	3.	Cheong Woon Yaw	Member	Independent Non-Executive Director
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3.	Cheong Woon Yaw	Member	Independent Non-Executive Director															

**Intended Outcome**

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

**Practice 11.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group's internal audit function is carried out by an outsourced internal audit firm, Resolve IR Sdn. Bhd., which is independent of the activities it audits.</p> <p>The scope of work is proposed by the outsourced internal audit firm and they report directly to the AC and administratively reports to the Chief Financial Officer of the Group.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's internal audit function is carried out by an outsourced internal audit firm, Resolve IR Sdn. Bhd., which is independent of the activities it audits,</p> <p>The outsourced internal audit function is guided by the International Professional Practice Framework on Internal Auditing issued by the Institute of Internal Auditors. The scope of internal audit reviews for year 2023 has been identified on a risk based approach and detailed areas of audit have been set out in the internal audit plan that has been reviewed and approved by the AC.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is mindful on the importance of maintaining proper corporate disclosure procedures with the aim to provide shareholders and investors with comprehensive, accurate and quality information on a timely basis.</p> <p>The Company has in place the following initiatives to facilitate effective communication with its shareholders:</p> <ul style="list-style-type: none"> <li>(a) the Annual Report, which contains information such as Management Discussion and Analysis, financial statements, and information on the AC, Corporate Governance, Sustainability and Corporate Social Responsibility, and Risk Management and Internal Control; and</li> <li>(b) various announcements made to Bursa Securities, which include timely release of financial results on a quarterly basis. Concurrent with these releases, the Company posts all announcements on its website;</li> <li>(c) attending to shareholders' and investors' emails and phone enquiries.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company is not considered a Large Company as its market capitalisation is less than RM2 billion at the present moment.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Notice of Annual General Meeting (“AGM”) for financial year ended 31 December 2021 to be held on 14 June 2022 was served on 28 April 2022 which is 28 days prior to the date of the AGM.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All Directors will attend General Meetings and will take any relevant questions addressed to them unless unforeseen circumstances preclude them from attending General Meetings.</p> <p>At the previous AGM, all Directors attended in person and personally addressed questions or issues raised by shareholders.</p> <p>In addition to the Directors, Senior Management and External Auditors were also in attendance to answer to the shareholders' questions.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The AGM of the Company had held at at Four Points by Sheraton Puchong, The Heron (Function Room), Level 2, Puchong Financial Centre (PFCC), Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan. This venue is easily accessible as it is familiar to most shareholders of the Company.</p> <p>A shareholder of the Company can vote in person or appoint a proxy to attend and vote on his/her behalf. Voting at the AGM held on 14 June 2022 was conducted by poll.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>Notice of AGM is sent out 28 days prior to the date of meeting to ensure shareholders have access to information they require to participate in discussions and cast informed votes.</p> <p>The Chairman ensured that sufficient time were allocated for discussion and to address questions raised. The Directors had actively responded to relevant questions addressed to them during the AGM.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### 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>	
<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: The AGM of the Company had held at at Four Points by Sheraton Puchong, The Heron (Function Room), Level 2, Puchong Financial Centre (PFCC), Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

**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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The minutes of Annual General Meeting was uploaded on the Company's website.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**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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