

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0005  
**COMPANY NAME** : UCREST BERHAD  
**FINANCIAL YEAR** : May 31, 2021

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

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| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>The Board has the overall responsibility for the performance of the Group by maintaining full and effective control over strategic, financial, operational, compliance and governance issues. The Board is responsible in formulating and reviewing of strategic plans, key policies and monitoring the Group's business operations. The Board delegates the day-to-day management of the Company's business to the management team but reserves for its consideration significant matters such as the following:-</p> <ul style="list-style-type: none"><li>• Approval of financial results;</li><li>• Business (Acquisitions/Disposal);</li><li>• Declaration of dividends;</li><li>• Capital Expenditures;</li><li>• Risk appetite setting;</li><li>• Corporate Proposal;</li><li>• Credit policy; and</li><li>• Budget.</li></ul> <p>The Board's role is to oversee the performance of the Management to determine whether the business is properly managed. The Board gets updates from Management at the quarterly Board Meetings when reviewing the unaudited quarterly results. During the meeting, the Board participates in the discussion on the performance of the Group.</p> <p>The Board assumes the following responsibilities:-</p> <ul style="list-style-type: none"><li>• Reviewing, adopting and monitoring strategic plan for the Group</li><li>• Overseeing the conduct of the Company's business</li><li>• Identifying risks and assume active role in ensuring the implementation of appropriate systems to manage or mitigate these risks</li><li>• Succession planning, including appointing, training, fixing the compensation of the key managements</li></ul> |

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|   | <ul style="list-style-type: none"> <li>• Ensuring measures are in place to assess and oversee Management’s performance</li> <li>• Developing and implementing an investor relations programme or shareholder communications policy for the Group</li> <li>• Reviewing the adequacy and integrity of the Group’s internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.</li> </ul> <p>In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:</p> <ul style="list-style-type: none"> <li>- Audit Committee (“AC”)</li> <li>- Nomination Committee (“NC”)</li> <li>- Remuneration Committee (“RC”)</li> <li>- Option Committee</li> </ul> <p>The Board has defined the terms of reference for each Committee and the Chairman of these respective committees report and update the Board on significant matters and salient matters deliberated by the Committees.</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

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

### Practice 1.2

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

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| <b>Application</b>  | : | Applied   |
| <b>Explanation on application of the practice</b>   | : | <p>The Chairman leads the strategic planning at the Board level, he ensures that all the Directors are briefed on issues arising at Board meetings and sufficient time is allowed for discussion.</p> <p>The position of Chairman is currently headed by the Managing Director, Eg Kah Yee. During this period, the Managing Director undertakes the following roles and functions of the Chairman:-</p> <ul style="list-style-type: none"> <li>(a) Act as Advisor to the Senior Management by providing support and guidance;</li> <li>(b) Chairing the Board and Board Executive Committee meetings;</li> <li>(c) Providing leadership to the Board and is responsible for the developmental needs of the Board;</li> <li>(d) Ensuring that guidelines and procedures are in place to govern the Board's operation and conduct;</li> <li>(e) Ensuring the smooth functioning of the Board and the Governance structure and inculcating positive culture in the Board; and</li> <li>(f) Sets the objective, maintains good corporate governance for the Board to focus towards Group's goals.</li> </ul> |
| <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

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.

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| <b>Application</b>   | : | Departure  |
| <b>Explanation on application of the practice</b>  | : |  |
| <b>Explanation for departure</b>   | : | <p>There is a division of responsibilities between the Chairman and the Managing Director ("MD") to ensure that there is balance of power and authority ever since the first Executive Director ("ED") of the Group has been appointed. The Chairman is responsible for the Board's effectiveness and conduct, whilst the ED has overall responsibilities over the business and operation of the Group. The ED is responsible to formulate business and operations strategies and is empowered to structure the management team in discharging his duties to achieve the goals that has been assigned to him by the Board. The Board is still in favour of the abovementioned division of responsibilities despite the Chairman has assumed the role of ED.</p> <p>Currently, the Chairman of the Board is headed by the Managing Director, Eg Kah Yee. Although a separation of position of Chairman and the Managing Director is recommended, it is the collective view of the Board, based on the current state of affair of and his shareholdings in the company, Eg Kah Yee's expertise is highly needed and the Board is confident that the current practice is best in maintaining the sustainability and the creativity of the Group in moving forward for Eg Kah Yee to remain as chairman until a suitable candidate is found.</p> <p>In addition to the above, the current composition of the Board comprises of a majority of Independent Non- Executive Directors. This provide a check and balance on the Company management with a view to safeguarding and protects the interest of all shareholders as a whole.</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

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

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| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <p>The Board has direct access to the advice and services of the Company Secretary. The Company Secretaries are qualified to act in accordance with the requirements of the Companies Act, 2016.</p> <p>The Board is updated by the Company Secretary on new statutes and directives issued by the regulatory authorities. The Company Secretary has attended the Board and Committee meetings and ensured that all procedures are adhered.</p> <p>The roles of Company Secretary includes the following, amongst others:-</p> <ul style="list-style-type: none"><li>• Ensure compliance of regulatory requirements by providing updates on Listing Requirements and the Companies Act 2016 to the Board;</li><li>• Advise and remind the Directors of their obligations to disclose their interest in securities, any conflict of interest and related party transactions;</li><li>• Advise and remind the Directors on the prohibition on dealing in securities during closed period and the restriction on disclosure of price sensitive information;</li><li>• Prepare agenda items of meetings for Board and Board Committees and send to the respective Board and Board Committees;</li><li>• Support the Board by ensuring adherence to Board practices and procedures, rules, relevant laws and best practices on Corporate Governance;</li><li>• Attend all Board and Board Committee meetings to ensure that meetings are properly convened, and that accurate proper records of the proceedings and resolutions passed are made and maintained accordingly; and</li><li>• Maintain a secured retrieval system which stores meeting paper and minutes of the Board and Board Committees.</li></ul> <p>The Company Secretaries also attend regular trainings to keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance.</p> |
| <b>Explanation for departure</b>                  | : |   |

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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |  |  |
| <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**

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>In reviewing and analysing the quarterly interim financial results, the Board was provided with various corroborative information and data. Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least seven (7) days prior to the scheduled meetings via emails or physical copies to ensure sufficient time is given to the Directors to read the Board papers and seek clarification, if necessary, and enable them to deliberate issues raised during Board meetings more effectively. Additionally, management was also invited to brief and report in meetings of the Board and Board Committees.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation. The Company Secretaries will circulate the draft minutes of meetings for the Board and Board's Committee review in a timely manner.</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.

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| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <p>A Board Charter had been established with the objectives to ensure that all Board Members are aware of their duties and responsibilities, the various legislations and regulations affecting their conduct, principles and practices of good corporate governance are applied accordingly. The Board Charter is reviewed periodically and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities.</p> <p>The Managing Director is supported by his management team on the day-to-day operations. The responsibilities of the management are to:</p> <ul style="list-style-type: none"><li>• Formulate, recommend and implement the strategic objectives of the Company;</li><li>• Translate the approved strategic plan into operation and financial action plans;</li><li>• Manage the Company's human, physical and financial resources to achieve the Company's objectives;</li><li>• Operate within the delegated authority limits set by the Board;</li><li>• Assume the day-to-day responsibilities for the Group's conformance with relevant laws and regulations, its compliance framework and all other aspects of the day to-day running of the Group;</li><li>• Develop, implement and manage the Company's risk management and internal control systems within the risk appetite and framework;</li><li>• Develop, implement and update policies and procedures;</li><li>• Keep pace with industry and economic trends in the Company's operating environment; and</li><li>• Provide the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.</li></ul> <p>The Board Charter was last reviewed on 25 April 2018 and would be reviewed and updated periodically.</p> |

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|  | The Board Charter is available on the Company's website at <a href="http://www.ucrest.net">www.ucrest.net</a> . |  |
| <b>Explanation for departure</b> :   |   |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <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.

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| <b>Application</b>  | : | Applied  |
| <b>Explanation on application of the practice</b>   | : | <p>The Board had established the Code of Conduct and Ethics. The Code of Conduct and Ethics is based on the following principles:-</p> <ul style="list-style-type: none"> <li>(a) Conflicts of interest;</li> <li>(b) Corporate opportunities;</li> <li>(c) Protection of confidential information;</li> <li>(d) Protection and Proper use of Company Asset;</li> <li>(e) Compliance with laws, rules and regulations;</li> <li>(f) Trading on inside information;</li> <li>(g) Bribery and Corruption;</li> <li>(h) Money Laundering;</li> <li>(i) Preventing the abuse of power;</li> <li>(j) Compliance with this Code and reporting of any illegal or unethical behaviour; and</li> <li>(k) Waivers and amendments.</li> </ul> <p>The Code and Conduct and Ethics was reviewed and updated on 25 April 2018 and will be reviewed and updated periodically.</p> <p>The Code of Conduct and Ethics is available on the Company's website at <a href="http://www.ucrest.net">www.ucrest.net</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 board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

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

**Practice 3.2**

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

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board recognises the importance of whistle-blowing and is committed to maintain the standards of ethical conduct within the Group. The Company is committed to operating in compliance with all applicable laws, rules and regulations, including those concerning accounting and auditing, and prohibits fraudulent practices by any of its board members, officers and/or employees. The Board had established a whistle-blowing policy which outlines procedures for employees to report actions that an employee reasonably believes violate a law, or regulation or that constitutes fraudulent accounting or other practices. This policy applies to any matter which is related to the Group’s business. This policy has accordingly been inserted in the employee manual/handbook.</p> <p>The Whistle-Blowing policy was reviewed and updated on 25 April 2018 and will be reviewed and updated 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

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

## Practice 4.1

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>  | :   | <p>The existing composition of the Board is as set out below:-</p> <table border="1"> <thead> <tr> <th><u>Directors</u></th> <th><u>Designation</u></th> </tr> </thead> <tbody> <tr> <td>Eg Kah Yee</td> <td><i>Chairman/Managing Director</i></td> </tr> <tr> <td>Eg Kaa Chee</td> <td><i>Non-Independent Non-Executive Director</i></td> </tr> <tr> <td>Abdul Razak Bin Dato' Haji Ipap</td> <td><i>Independent Non-Executive Director</i></td> </tr> <tr> <td>Thong Kooi Pin</td> <td><i>Independent Non-Executive Director</i></td> </tr> <tr> <td>Chuan Tsui Ju</td> <td><i>Independent Non-Executive Director</i></td> </tr> <tr> <td>Prof. Low Teck Seng</td> <td><i>Independent Non-Executive Director</i></td> </tr> <tr> <td>Dato' Dr. Mohd Fikri Bin Abdullah</td> <td><i>Independent Non-Executive Director</i></td> </tr> </tbody> </table> <p>The current Board has seven (7) members comprising the Managing Director (Chairman), one (1) Non-Independent Non-Executive Director and five (5) Independent Non-Executive Directors. The composition of the Board comprises of a majority of Independent Non-Executive Directors. The Board is satisfied with the current composition and the composition fairly reflects the investment of shareholders and balance in view of the Group's Business.</p> | <u>Directors</u> | <u>Designation</u> | Eg Kah Yee | <i>Chairman/Managing Director</i> | Eg Kaa Chee | <i>Non-Independent Non-Executive Director</i> | Abdul Razak Bin Dato' Haji Ipap | <i>Independent Non-Executive Director</i> | Thong Kooi Pin | <i>Independent Non-Executive Director</i> | Chuan Tsui Ju | <i>Independent Non-Executive Director</i> | Prof. Low Teck Seng | <i>Independent Non-Executive Director</i> | Dato' Dr. Mohd Fikri Bin Abdullah | <i>Independent Non-Executive Director</i> |
| <u>Directors</u>   | <u>Designation</u>                            |  |                  |                    |            |                                   |             |   |                                 |   |                |   |               |   |                     |   |                                   |   |
| Eg Kah Yee   | <i>Chairman/Managing Director</i>             |  |                  |                    |            |                                   |             |   |                                 |   |                |   |               |   |                     |   |                                   |   |
| Eg Kaa Chee  | <i>Non-Independent Non-Executive Director</i> |  |                  |                    |            |                                   |             |   |                                 |   |                |   |               |   |                     |   |                                   |   |
| Abdul Razak Bin Dato' Haji Ipap  | <i>Independent Non-Executive Director</i>     |  |                  |                    |            |                                   |             |   |                                 |   |                |   |               |   |                     |   |                                   |   |
| Thong Kooi Pin   | <i>Independent Non-Executive Director</i>     |  |                  |                    |            |                                   |             |   |                                 |   |                |   |               |   |                     |   |                                   |   |
| Chuan Tsui Ju  | <i>Independent Non-Executive Director</i>     |  |                  |                    |            |                                   |             |   |                                 |   |                |   |               |   |                     |   |                                   |   |
| Prof. Low Teck Seng  | <i>Independent Non-Executive Director</i>     |  |                  |                    |            |                                   |             |   |                                 |   |                |   |               |   |                     |   |                                   |   |
| Dato' Dr. Mohd Fikri Bin Abdullah  | <i>Independent Non-Executive Director</i>     |  |                  |                    |            |                                   |             |   |                                 |   |                |   |               |   |                     |   |                                   |   |
| <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 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

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| <b>Application</b>                                | : Applied - Two Tier Voting  |
| <b>Explanation on application of the practice</b> | <p>The Board takes note that the Code recommends that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years unless shareholders' approval is obtained to retain such Director as an Independent Non-Executive Director. If the Board continues to retain the Independent Director after the twelfth year, the Board should seek annual shareholders' approval through a two tier voting process.</p> <p>Shareholders' approval would be sought if an Independent Director who has served in that capacity for more than nine (9) and twelve (12) years shall remain as an Independent Director. The Nomination Committee will assess the independence of the Independent Director based on the assessment criteria developed by the Nomination Committee and recommend to the Board for recommendation to the shareholders. Justification for the approval would be provided.</p> <p>Mr Thong Kooi Pin and Encik Abdul Razak Bin Dato' Haji Ipap has served the Board for more than twelve (12) years. The Board has proposed to retain them as Independent Non-Executive Directors of the Company. The Board is of the view that the tenure has neither impaired nor compromised the independent judgement of Mr Thong Kooi Pin and Encik Abdul Razak Bin Dato' Haji Ipap.</p> <p>The Board has through the NC assessed Mr Thong Kooi Pin and Encik Abdul Razak Bin Dato' Haji Ipap and is of the opinion that they had remained independent and had not developed, established or maintained any significant personal or social relationship whether direct or indirect with the Managing Director, major shareholders or management of the Company other than the normal engagements and interactions on a professional level consistent and expected in the carrying out of their duties and responsibilities as Independent Non-Executive Directors.</p> |

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|  | Therefore, the Board will seek shareholders' approval at the forthcoming Annual General Meeting to retain both Mr Thong Kooi Pin and Encik Abdul Razak Bin Dato' Haji Ipap as Independent Non-Executive Directors of the Company at the AGM. A two-tier voting process would be adopted when seeking the shareholders' approval to retain Encik Abdul Razak bin Dato' Haji Ipap and Thong Kooi Pin as Independent Non-Executive Directors of the Company. |  |
| <b>Explanation for departure</b>   | :   |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <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 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

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| <b>Application</b>                             | : | 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 4.4**

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.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>As documented in the approved Board Charter, the Board may exercise the power pursuant to the Constitution to appoint a person who is willing to act as a Director either to fill a casual vacancy or as an additional Director upon appropriate recommendation by the NC.</p> <p>The appointment of new directorship would be through a formal and transparent selection process and would take into consideration the evaluation of the candidates' abilities in terms of their skills, knowledge, experience, expertise and integrity to discharge their 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

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

### Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board recognises the importance of gender diversity and is committed to the extent practicable, to address the recommendation of the Code relating to the establishment of a policy formalising its approach to boardroom and workplace diversity.</p> <p>The Board has on 25 April 2018 adopted a Gender Diversity Policy. Diversity encompasses various areas such as gender, age, ethnicity and cultural background and the Board firmly believe that a well diversified workplace could benefit the Company to achieve:-</p> <ul style="list-style-type: none"><li>(a) a good morale between the workforce that leads to a healthy work culture where employees motivate each other to perform at a higher level;</li><li>(b) With a gender-diverse workforce, the company can expand its customer base and offer better services;</li><li>(c) improved employment and career development opportunities for women;</li><li>(d) a gender-balanced team brings with it greater industry knowledge and helps the company access more resources, as well as multiple channels of information; and</li><li>(e) awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.</li></ul> <p>The appointment of Chuan Tsui Ju reflects that the Board recognises the value of a lady member of the Board and is a step taken by the Board towards achieving a more gender diversified 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>   | : |  |

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| <b>Timeframe</b> | : |  |  |
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**Intended Outcome**

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

**Practice 4.6**

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.

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| <b>Application</b>   | : | Departure  |  |
| <b>Explanation on application of the practice</b>  | : |  |  |
| <b>Explanation for departure</b>   | : | The Board delegates to the Nomination Committee the responsibility of recommending the appointment of any new Director. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made on merits. Through the Nomination Committee the Board will consider recommendations from existing board members, management, major shareholders and third-party sources to identify suitably qualified candidates, when necessary. New board candidates proposed to fill vacancy arises from resignation, retirement or any other reasons will be reviewed by Nomination Committee before recommending to the Board for further deliberation. The evaluation process may include, reviewing the candidate’s resume, biographic information, qualifications, skills, knowledge, experience, expertise, competency and his/her understanding of the Group’s business environment. |  |
|  |   | In future, the Board may consider utilising independent sources in identifying suitably qualified candidates.  |  |
| <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 4.7**

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>  | : | The NC is chaired by Thong Kooi Pin, an Independent Non-Executive Director. |  |
| <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

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

### Practice 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The NC assesses the effectiveness of the Board as a whole, Board Committees and contributions of each individual Director as well as their character, integrity and time commitment, independence of Independent Directors on annual basis. The NC reviews annually the required mix of skills and experience including core competencies which Non-Executive Directors should bring to the Board and other qualities for the Board to function effectively and efficiently.</p> <p>The summary of the assessment and its findings was tabled to the NC on 13 August 2021. Based on the summary as presented, the NC tabled its recommendations to the Board of Directors at the Board of Directors' Meeting held on 13 August 2021.</p> <p>The Board had also through the NC assessed the independence of the independent Directors and is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company. Based on the recommendations from the NC, the Board had also assessed and would be proposing to the shareholders for approval, the continuation in office of Thong Kooi Pin and Abdul Razak Bin Dato' Haji Ipap as Independent Non-Executive Directors of the Company at the AGM. A two-tier voting process would be adopted when seeking the shareholders' approval to retain Encik Abdul Razak bin Dato' Haji Ipap and Thong Kooi Pin as Independent Non-Executive Directors of the Company.</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 6.1

The board has in place 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 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 Company has established a remuneration policy for the Directors and Senior Management to support and drive business strategy and long-term objectives of the Company and its subsidiaries.</p> <p>Among others, the following are some of the criteria adopted by the Company and its subsidiaries in considering the remuneration of the Senior Management:-</p> <ul style="list-style-type: none"><li>• The overall performance of the Company and its subsidiaries;</li><li>• General economic situation;</li><li>• Prevailing market practice;</li><li>• Salary position against market;</li><li>• Skills and experience; and</li><li>• Individual performance</li></ul> <p>In this regard, the RC is responsible to implement the policies and procedures on the remuneration for the Managing Director ("MD") whilst the Board is responsible for approving the policies and procedures which govern the remuneration of the employees including MD and Senior Management of the Company to ensure the same remain competitive, appropriate and in alignment with the prevalent market practices and the Company attracts, retains and motivates the Directors and Senior Management who are with strong credentials, high caliber and astute insights to run the business successfully.</p> <p>The remuneration package is reflective of the individual Director's and Senior Management's experience and level of responsibilities and it is structured to link to corporate and individual performance. The Remuneration Committee is responsible for determining the level and make up of Managing Director ("MD")'s remuneration and approved by the Board, with the presence of a majority of non-executive directors. The MD however, does not participate in any way when determining his remuneration package. The RC is guided by market norms and industry</p> |

|   |  |  |
|---|--|--|
|   | <p>practices when making recommendations for the compensation and benefits of Directors and Key Senior Management.</p> <p>All Directors are paid fixed monthly directors' fee except for the Managing Director. The Managing Director received annual remuneration package including but not limited to telecommunication facilities and other reimbursable/claimable benefits-in-kind as may be determined from time to time, for the purposes of carrying out his duty as Managing Director. The determination of the monthly annual directors' fee for Directors is a matter for the Board as a whole, depending on any additional responsibilities taken. The monthly directors' fee payable to Directors is presented to the shareholders at the Annual General Meeting for their approval.</p> <p>The Remuneration Policy of Directors and Senior Management was adopted by the Board on 25 April 2018. The Policy would be reviewed and updated periodically.</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 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 6.2

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 Remuneration Committee (“RC”) comprises wholly Independent Non-Executive Director. The RC is responsible to implement the policies and procedures on the remuneration for the Board, Managing Director (“MD”) and senior management whilst the Board is responsible for approving the policies and procedures which govern the remuneration of the employees including MD and senior management of the Company to ensure the same remain competitive, appropriate and in alignment with the prevalent market practices and the Company attracts, retains and motivates the Directors and Senior Management who are with strong credentials, high calibre and astute insights to run the business successfully.</p> <p>The RC’s Terms of Reference is available on the Company’s website at <a href="http://www.ucrest.net">www.ucrest.net</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 7.1

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>  | : | Details of remuneration of Directors of the Company for the financial year ended 31 May 2021 are as follows: |                   |                     |
|  |   | <b>Director</b>  | <b>Group (RM)</b> | <b>Company (RM)</b> |
|  |   | Eg Kah Yee   | 120,000.00        | 120,000.00          |
|  |   | Eg Kaa Chee  | 24,000.00         | 24,000.00           |
|  |   | Thong Kooi Pin   | 24,000.00         | 24,000.00           |
|  |   | Chuan Tsui Ju  | 24,000.00         | 24,000.00           |
|  |   | Abdul Razak Bin Dato' Haji Ipap  | 24,000.00         | 24,000.00           |
|  |   | Dato' Dr. Mohd Fikri Bin Abdullah  | 24,000.00         | 24,000.00           |
|  |   | Prof Low Teck Seng   | 24,000.00         | 24,000.00           |
| <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**

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 7.2**

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>   | : | Departure  |  |
| <b>Explanation on application of the practice</b>  | : |  |  |
| <b>Explanation for departure</b>   | : | The Company respects the confidentiality of the remuneration of the Senior Management in view of the competitive nature of human resource market. Thus, the Company does not have the intention to adopt the recommendation to disclose the details of each member of senior management in bands of RM50,000 on a named basis. |  |
|  |   | However, the Company would endeavour to ensure that the remuneration package of the employees are in line with the industry practices and the annual increments and bonuses pay-out are based on individual performances.  |  |
| <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 assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.3 - 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> | : |             |

**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 8.1**

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>  | : | <p>The Audit Committee has three (3) members who are Independent Non-Executive Directors. The following are the members of the AC:-</p> <p><b><u>Chairman</u></b><br/>Thong Kooi Pin – Independent Non-Executive Director</p> <p><b><u>Members</u></b><br/>Abdul Razak Bin Dato' Haji Ipap – Independent Non-Executive Director<br/>Chuan Tsui Ju – Independent Non-Executive Director</p> <p>The Chairman of the AC is not the Chairman 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**

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 8.2**

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | None of the member of the AC were former key audit partners.<br><br>The Terms of Reference of the AC states that no former key audit partner shall be appointed as a member of the AC, unless he/she has observed a cooling-off period of at least two (2) years before for such appointment. |  |
| <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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Board has established a transparent relationship with the external auditors through the AC, which has been accorded the authority to communicate directly with the external auditors. The auditors in turn are able to highlight matters which require the attention of the Board to the AC in terms of compliance with the accounting standards and other related regulatory requirements.</p> <p>The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors.</p> <p>The AC undertakes annual assessment of the suitability and independence of the External Auditors. The factors considered by the AC in its assessment include, adequacy of professionalism and experience of the staff, the resources of the external auditors, the fees and the independence of and the level of non-audit services rendered to the Group.</p> <p>The AC is satisfied with the external auditors' confirmation of independence and their conduct of the audit. These confirmations were made pursuant to the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.</p> <p>The AC had on 13 August 2021 conducted an assessment on the suitability and independence of the External Auditors. Based on the assessment, the AC was satisfied with Messrs UHY's competency, experience and independence. The Board, based on the AC's recommendation, would be tabling the re-appointment of Messrs UHY as the External Auditors of the Company at the Twenty-Fourth 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**

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 8.4 - 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 Audit Committee has three (3) members who are Independent Non-Executive Directors. The following are the members of the AC:-</p> <p><b><u>Chairman</u></b><br/>Thong Kooi Pin – Independent Non-Executive Director</p> <p><b><u>Members</u></b><br/>Abdul Razak Bin Dato' Haji Ipap – Independent Non-Executive Director<br/>Chuan Tsui Ju – Independent Non-Executive Director</p> <p>The Audit Committee comprises solely of Independent Directors.</p> |

### 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 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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>  | : | <p>The members of the AC are financially literate and have the relevant accounting or related experience and expertise to effectively discharge their duties.</p> <p>During the financial year, the External Auditors had briefed the AC updates on financial reporting developments and changes in regulatory environment.</p> <p>The Board is satisfied with the performance of the AC in fulfilling its duties.</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 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 9.1

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

|   |   |  |
|---|---|--|
| <b>Application</b>  | : | Applied  |
| <b>Explanation on application of the practice</b>   | : | <p>The Board of Directors recognises the importance of sound internal controls and risk management in safeguarding the assets of the Group. However, such systems are designed to manage rather than eliminate the business risk totally. It should be noted that any system could provide only reasonable and not absolute assurance against material misstatement or fraud.</p> <p>The Group has in place an on-going process to identify, evaluate, monitor and manage any significant risks through the internal controls set out in order to attain a reasonable assurance that business objectives have been met. These controls are regularly reviewed by the Board and are subject to continuous improvement.</p> <p>The Enterprise Risk Management framework is applied to determine, evaluate and manage principal risks of the Group. This is complemented by the system of internal control that is integrated into the Group’s operations and processes.</p> <p>Please refer to Statement of Risk Management and Internal Control in 2021 Annual Report for more details.</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

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 9.2

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>   | : | <p>The Group has put in place an Enterprise Risk Management framework (“ERM”) which comprises the following elements:</p> <ul style="list-style-type: none"> <li>• Communicate and disseminate across the organisation the vision, role and direction of the Group;</li> <li>• Provide guiding principles and approach towards risk management;</li> <li>• Process of identification, assessment, evaluation and management of the various principal risks which affect the Group’s business;</li> <li>• Creation of a risk-awareness culture and risk ownership for more effective management of risks;</li> <li>• Regular review, tracking and reporting on keys risks identified and corresponding mitigation procedures; and</li> <li>• Regular review of the effectiveness of the system of internal control.</li> </ul> <p>Further details on the internal controls as well as the Board review of the adequacy and effectiveness of the risk management and internal control frameworks are presented in the Statement on Risk Management and Internal Control of the Annual Report.</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**

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 9.3 - 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> :                             | Not Adopted |
| <b>Explanation on adoption of the practice</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 10.1

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 has appointed an outsourced internal audit service provider to carry out the internal audit function, providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The purpose of the internal audit function is to provide the Board, through the Audit Committee, assurance of the effectiveness of the system of internal control in the Group.</p> <p>The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.</p> <p>Internal auditor reports directly to the AC. The functions of the internal auditor are to ensure a regular review of the adequacy and integrity of its internal control system. The internal auditor will also be required to assist the Group in enhancing its existing risk management framework and adopting a risk-based approach based on COSO assessment model.</p> <p>The assessment of the internal audit is reported periodically to the AC. The recommendations arising from the internal audit and its implementations would be monitored.</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

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

## Practice 10.2

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 has appointed an outsourced internal audit service provider to carry out the internal audit function, providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function.</p> <p>The Internal audit functions is outsourced to an independent professional firm, Vaersa Advisory Sdn. Bhd. The internal audit team is headed by Mr Quincy Gan who possesses the relevant qualification and experience and is assisted by four members.</p> <p>The expenses incurred for the internal audit function for financial year ended 31 May 2021 is RM16,000. Internal Auditors evaluate the internal control of Group with COSO assessment model.</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 11.1**

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 Company is committed to provide clear, accurate and timely disclosure of all material information to its stakeholders and the general public. The Company will ensure compliance with the disclosure requirements as set out in the Listing Requirement at all times.</p> <p>AGM also provides an effective means of face-to-face communication with the shareholders where they are encouraged to participate in the open question and answer session during the AGM.</p> <p>Corporate information, financial information, the Company's announcements and other related communications and information is available at the Company's website.</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 11.2**

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Departure   |  |
| <b>Explanation on application of the practice</b>  | : |   |  |
| <b>Explanation for departure</b>   | : | Not applicable as the Company is not a Large Company as defined under the MCCG. |  |
|  |   |   |  |
| <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 12.1**

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>  | : | The Notice of the Twenty-Third AGM held on 17 November 2020 dated 30 September 2020 was distributed more than 28 days in advance of the meeting. |  |
| <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 12.2**

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>  | : | All Directors were present at the Twenty-Third AGM which was held virtually at the Broadcast Venue at Lot 6.04, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on 17 November 2020. In addition to the Board members, the senior management and the external auditors were present to respond to the shareholders' queries. |  |
| <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 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders’ participation at General Meetings.

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>In accordance with its Constitution, the Company may convene a meeting of Members at more than one venue using any technology or method that enables the Members of the Company to participate and to exercise the Members’ right to speak and vote at the meeting. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue.</p> <p>In view of the COVID-19 pandemic, the Company took the necessary precautions and preventive measures in complying with the directives issued by the Malaysian Ministry of Health. These include the option of remote shareholders’ participation at the AGM.</p> <p>The Twenty-Third AGM held on 17 November 2020 was conducted on a virtual basis through live streaming to facilitate remote shareholders’ participation and had adopted the electronic voting (e-voting) for the conduct of poll on all resolutions. The appointed poll Administrator and Independent Scrutineers conducted the polling/ e-voting process and verified the results of the poll.</p> <p>The entire AGM proceedings were held through the Company’s Cisco Webex. The Administrative Details of the AGM as well as the user guide with detailed registration and voting procedures were shared with the shareholders and the same were also published on the Company’s website.</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>   | : |   |

**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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