

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7186
COMPANY NAME : SWS CAPITAL BERHAD
FINANCIAL YEAR : December 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group is led by an experienced and diversified Board which comprises professionals from various fields to bring together a balance of skills, mix of experience and expertise in area relevant to enhance the growth of Group's business. The Directors collectively bring with their wide and varied technical, financial, and corporate experience to enable the Board to lead and control the Group effectively.</p> <p>Roles and Responsibilities</p> <p>The Board's function, amongst others, is to guide the Group on its short and long-term goals, providing advice, stewardship and directions on the management and business of the Group.</p> <p>The Board's principal role include the following:</p> <ul style="list-style-type: none">• reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's business;• overseeing the conduct of the Group's business and evaluating if its businesses are being properly managed;• identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;• ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board;• overseeing the development and implementation of a shareholder communications policy; and• reviewing the adequacy and integrity of the Group's internal control and management information systems.

To enable the Board to discharge its role and functions effectively, the Board has established the following committees:

- Audit Committee (“AC”)
- Nomination Committee (“NC”)
- Remuneration Committee (“RC”)

The above roles and responsibilities have been formalised in the Board Charter and Terms of Reference (“ToR”) which is uploaded onto the Company’s website at www.swscap.com.

The Board, together with the Management, is committed to promote good corporate governance culture within the organisation which reinforces ethical, prudent and professional behaviour. As guided by the Malaysian Code on Corporate Governance (“MCCG”), the Board continuously upholds corporate governance standards and values in the organisation and strives to lead by example in strengthening the competitiveness and investor confidence in the capital market.

Code of Conduct

The Board has formalised a Code of Conduct which reflects the Group’s vision and core values of integrity, respect and trust. The core areas concerned include the following:

- compliance with laws
- fair dealing
- confidentiality and protection of company assets
- conflicts of interest
- reporting non-compliance
- employee
- occupational, health, safety and environment
- know your customer and proper documentation

The Code of Conduct governs the conduct of the Directors and all employees of the Group and provides guidance on the communication process and the duty to report whenever there are breaches of the same. This Code of Conduct is reviewed and updated from time to time by the Board to ensure that it continues to remain relevant and appropriate.

The Code of Conduct can be viewed on the Group’s website.

Whistle Blowing Policy and Procedures

To maintain the highest standards of ethical conduct, the Group has a formal Whistle-blowing Policy and Procedures. As prescribed in this policy, the Board gave their assurance that employees’ and third parties’ identities will be kept confidential and whistle-blowers will not be at risk to any form of victimisation or retaliation from their superiors

or any member of Executive Management provided that the reporting is in good faith.

All concerns raised will be investigated and whistle-blowers can report through telephone or via mail to the Managing Director (“MD”), Mr. Teoh Han Chuan. If this is considered inappropriate, reports can be made to the AC Chairman, Mr. Khoo Chee Siang.

The Whistle-blowing Policy and Procedures can be viewed on the Company’s website.

Sustainability

The responsibility to promote and embed sustainability in the Group lies with the Board and in this respect, it strives to achieve continuing growth and profitability in a safe, caring and sustainable environment.

The Group’s Sustainability Statement is set out on pages 51 to 54 of the Annual Report 2021.

Succession Plan

The Group recognises that effective succession planning is integral to the delivery of its strategic plans. It is essential to ensure a continuous level of quality in key management, in avoiding instability by helping mitigate the risks which may be associated with any unforeseen events, such as the departure of a key individual, and in promoting diversity.

Given the current state of the Group’s business and lifecycle, there is an informal succession plan for key management put in place by the MD. Going forward and at the relevant and appropriate time, the MD will look into a structured approach to the said plan with the Board.

Access to Information and Advice

All Directors have unrestricted access to Executive Management and the service and advice of the Joint Company Secretaries and the internal and external auditors (via the AC) and they as a whole or individually may also seek independent professional advice if necessary, at the Group’s expense to enable them to discharge their duties and responsibilities.

Non-Executive members of the Board are kept updated on the Group’s activities and operations by the MD on a regular basis and all Directors have the right of access to all reports on the Group’s activities, both financial and operational.

The Directors also received updates from time to time on relevant new laws and regulations. Visits by the Non-Executive Directors to the Group’s businesses were also arranged for enhancement of their

	knowledge in respect of the Group's businesses as well as better awareness of the risks associated with the Group's operations.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman, Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai is responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner. In fulfilling this role, the Chairman:</p> <ul style="list-style-type: none">• provides leadership to the Board to ensure its effectiveness without limiting the principle of collective responsibility for Board decisions;• ensures that the Directors receive complete, adequate and timely information;• ensures effective communications with shareholders;• facilitates effective contribution by Non-Executive Directors;• sets the agenda for Board meetings, in conjunction with the MD and ensures that adequate time is available for discussion of all items on the agenda;• promotes high standards of corporate governance; and• promotes a culture of openness and debate during Board meetings.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman is Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai while the MD is Mr. Teoh Han Chuan. The roles of the Chairman and MD are strictly separated to ensure balance of power and authority and to maintain effective supervision and accountability of the Board and Executive Management.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	Our Chairman of the Board, Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai is not a member of the AC, NC and RC.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has the service and advice of Joint Company Secretaries. The current Joint Company Secretaries, Mr. Tan Tong Lang and Ms. Thien Lee Mee have years of corporate secretarial experience and their tasks include, but are not limited to the following:</p> <ul style="list-style-type: none">• manage all Board and Board committees' logistics, attend and record minutes of all Board's and Board committees' meetings and facilitate Board communications;• advise the Board on its key roles and responsibilities;• ensure adherence to Board's and Board committees' policies and procedures;• facilitate the orientation of new Directors and assist in Directors' training and development;• advise the Board on corporate governance disclosures and compliance with company and securities regulations and the Main Market Listing Requirements of Bursa Securities Malaysia Berhad;• ensure timely communication of Board's and Board committees' decisions to Executive Management for action;• manage processes pertaining to general meetings;• monitor corporate governance developments and assist the Board in applying governance practices to meet Board's needs and stakeholders' expectations;• notify the Chairman of any possible violations of regulatory requirements; and• serve as a focal point for stakeholders' communications and engagement on corporate governance issues.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>To facilitate the Directors' time planning, a pre-scheduled annual calendar of Board meetings is circulated and confirmed by the Board prior to the commencement of each financial year, to provide ample time for the Directors to plan their attendance.</p> <p>The notices of meetings and agenda together with Board meeting papers are furnished to the Directors at least seven (7) days prior to the Board meetings. This enables the Directors to prior peruse the matters to be deliberated upon. Further information, if any, are provided at the meeting for deliberation and informed decision making.</p> <p>The Board meeting papers include, among others, the following documents or information:</p> <ul style="list-style-type: none"> • reports of meetings of all committees of the Board including matters requiring the Board's deliberation, approval and notation • performance reports of the Group, which include information on financial, strategic business issues and updates • major operational, financial, legal, regulatory and corporate issues • board papers for other matters for discussion or approval <p>All deliberations, discussions and decisions of the Board meetings were minuted and recorded accordingly. All proceedings of Board meetings were signed by either the Chairman of the meeting concerned or the Chairman of the next meeting pursuant to the Company's Constitution.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formally adopted a Board Charter that sets out the respective roles and responsibilities of the Board, Board committees and Executive Management and the standard of conduct expected of individual Directors.</p> <p>The Board Charter provides guidance for Directors and Management regarding the responsibilities of the Board and its Committees and Management in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities.</p> <p>The Board Charter is reviewed periodically or as and when changes occur to ensure that it reflects the current needs of the Group.</p> <p>More information on the Board Charter can be found on the Company’s website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	In order to enhance the professionalism and integrity of our Directors and employees, a formal Code of Conduct has been put in place. Explanation on the application can be found in Practice 1.1 herein.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	A Whistle Blowing Policy and Procedures has been put in place by the Group to provide an avenue for employees to raise their concerns. Explanation on the application can be found in Practice 1.1 herein.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>One of the principal responsibilities of the Board is to review and adopt strategic plan for the Group to ensure that the Board supports long-term value creation and take into account economic, environmental, social as well as governance considerations which underpinning sustainability. In this respect, the Executive Directors, through the management meeting, assist the Board in overseeing the formulation, implementation and effective management of the Group's sustainability strategies.</p> <p>To facilitate the sustainability management, our Board had formalised an Enterprise Risk Management framework to provide Management with structured policies and procedures to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an on-going basis, including remedial measures to be taken to address the risks vis-à-vis the risk parameters of the Group.</p> <p>The responsibilities of identifying and managing risks are delegated to the respective management team led by the Executive Director. The Board and the AC are responsible to review the effectiveness of the processes. Any material risk identified will be discussed and appropriate actions or controls will be implemented. This is to ensure the risk is properly monitored and managed to an acceptable level.</p> <p>The AC, through the Management Risk Committee, will assist the Board in overseeing the risk management framework of the Group and reviewing the risk management policies formulated by management and to make relevant recommendations to the Board for approval.</p> <p>Accordingly, the Board together with our management accountable for ensuring that sustainability measures are integrated into the strategic direction of the Group and its operations. To achieve this, the Board continuously ensures that there is an effective governance framework for sustainability practices within the Group.</p>

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

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	We always engage with our stakeholders actively throughout the financial year as part of our sustainability assessment process. Engagement with stakeholders allows us to gain more complete understanding on our materiality issues and matters. Whilst, we are also able to capture the key aspects and impacts of our sustainability journey. Our stakeholders' engagements are set out in Sustainability Statement on pages 51 to 52 of the Annual Report 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Directors conducted a self-assessment of their skills matrix which include their experience in sustainability. The Board viewed that the sustainability initiatives should be embedded within the culture of the boardroom, whereby each Director should be able to view the organisation and its operations in the context of sustainability. The Board agreed that there was sufficient capacity in this area, to enable the Board to discharge its role effectively.</p> <p>Asides, the Company has always practicing the sustainability strategies and these are the efforts from our Board together with the management who are well versed and up-to-date on sustainability issues relevant to our company and business.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	During the annual evaluation of the Board, the NC has evaluated the performance of the Board in areas including the evaluation of the Group's strategic and business plans which promote sustainability. In addition, the key performance indicators for the sustainability material matters were incorporated into the Management's performance scorecard which were reviewed during the annual performance appraisal. The details of the Sustainability Scorecard which summarizes the Group's key sustainability outcomes and achievements are available in our Sustainability Report 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is responsible to assist the Board in the development and implementation of the policies on the nomination and appointment of Directors and Committee members to achieve long-term sustainability of the organisation in accordance with the ToR of the NC.</p> <p>In this respect, the Board is mindful that for it to be effective, its composition must include the right group of people, with an appropriate mix of skills, knowledge, experience and independence elements that fit the Group's objectives and strategic goals.</p> <p>The NC annually assesses the experience, tenure and diversity required collectively for the Board and ensures that it is periodically refreshed so that the Board can discharge its duties effectively.</p> <p>The NC annually reviews the performance of all directors including those seeking re-election based on competency, preparedness and independence (for independent directors). Only those with satisfactory evaluation are recommended to the Board for re-election.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company currently has seven (7) members on the Board, of which three (3) are Independent Directors.</p> <p>The Board recognises the importance of independence and objectivity in the decision-making process. Each of the Independent Directors has declared his personal independence to the Board based on the criteria as set out in the Main Market Listing Requirements.</p> <p>Additionally, NC assessed the independence of Independent Directors annually pursuant to the Policy on Assessing Independence of Directors.</p> <p>Dato' Seri Mr. Serm Juthamongkhon, the Independent Non- Executive Deputy Chairman passed away on 15 April 2021. The Board takes cognisance that the current composition of the Board is not aligned with the desired practice of at least half of the board comprises independent directors and are diligently identifying the right candidates based on the criteria as set out by NC.</p> <p>The temporary lack of at least half of the independent directors in the current composition of the Board does not jeopardise the Board's decisions as all the decisions are made in the best interest of the Company.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has implemented a nine-year policy for Independent Directors, whereby it shall not exceed a cumulative term limit of nine (9) years. In this context, as of the date of forthcoming 22nd Annual General Meeting ("AGM"), all of the Independent Directors have been in office for not more than nine (9) years.</p> <p>However, an Independent Director may continue to serve on the Board beyond nine (9) years subject to his re-designation as a Non-Independent Director.</p> <p>In the event that said Director is to remain designated as an Independent Director, the Board shall, upon the recommendation by the NC, justify and obtain shareholders’ approval through a two-tier voting process for the Director concerned to be retained as an Independent Director.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>In assessing the suitability of any candidate for the directorship, the Board (via the NC) will take into consideration the candidate's reputation, educational background, skills, diversity, knowledge, expertise, competence and experience that is in line with the Group's business operations, age, time commitment, independence and integrity.</p> <p>Hence, the NC is responsible for the appointment of Directors and is delegated the role of screening and conducting an initial selection, which included an external search, before making any recommendation to the Board for approval.</p> <p>NC will also take into consideration the ability of the candidate to perform his role effectively, whether a director is "over stretched" in terms of his commitments to the board commitments to meet the demands and expectations of the role.</p> <p>As for Executive Management, the Board is committed to provide fair and equal opportunities and nurturing diversity in the Group. In this respect, all persons, regardless of age, gender, ethnicity, cultural background or other personal factors, with the appropriate experience and qualifications will be considered during recruitment and promotion.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	Although it has been the norm for the Board to rely on existing Directors or Executive Management or major shareholders to recommend candidates for appointment of Directors, the Board, if appropriate, will rely on recommendations from business associates, advisers, consultants, etc. for potential candidates for appointment to the Board. The NC may also obtain and rely upon independent sources such as a directors' registry, open advertisement or use of independent search firms in furtherance of their duties at the Company's expense, subject to approval by the Chairman or the Board, depending on the quantum of the fees involved. If the selection of candidates was solely based on the recommendations made by the Management, the existing Board member(s) or major shareholder(s), the NC will explain why other source were not used.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The profiles of Directors are published in the Integrated Annual Report and on the Company's website. These include their age, gender, tenure of service, directorships in other companies, working experience and any conflict of interest as well as their shareholdings in the Group, if any.</p> <p>The information for the Directors standing for re-election as well as the reasons from the Board to support the re-election of directors have been disclosed the Explanatory Notes to the Notice of the forthcoming 22nd AGM.</p> <p>Clause 21.5(a) of the Company's Constitution provides that one-third of the Directors of the Company for the time being shall retire by rotation at the AGM of the Company. All the Directors shall retire from office at least once in every three years but shall be eligible for re-election. Mr. Tan Kok Tiam and Dr. Loh Yee Feei are standing for re-election as Directors of the Company. Mr. Tan Kok Tiam, who is the Independent Non-Executive Director, has reaffirmed his independence based on independence criteria applied by the Company which is also used in the yearly assessment of Independent Non-Executive Director's independence and fulfilled the independence definitions as prescribed under the Listing Requirements.</p> <p>The Board upon due deliberation, resolved to approve the proposed re-election of Mr. Tan Kok Tiam and Dr. Loh Yee Feei at the 22nd AGM of the Company, as recommended by the NC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The NC was established with clearly defined ToR, and is chaired by Mr. Chen Thien Yin, who is the Independent Director. The NC's ToR is available on the Company's website.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board currently does not have any female director among its seven members.
		<p>The Board is of the view that, while it is important to promote boardroom diversity in terms of gender, age and ethnicity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority.</p> <p>The Board opined that given the current state of the Group's business and lifecycle, it is more important to have the right mix of skills on the Board rather than to attaining the 30% threshold.</p> <p>Nevertheless, the Board supports the initiative to include female representation on the Board to achieve a more gender diversified Board. The Board is on the lookout for potential women Directors and shall appoint additional women Directors as and when suitable candidates are identified.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 5.10

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is of the view that, while it is important to promote boardroom diversity in terms of gender, age and ethnicity, the normal selection criteria based on effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority.</p> <p>The Board opined that given the current state of the Group's business and lifecycle, it is more important to have the right mix of skills on the Board rather than to attaining the 30% threshold as stipulated in Practice 5.9.</p> <p>Nevertheless, the Board supports the initiative to include female representation on the Board to achieve a more gender diversified Board.</p> <p>As for the Group's Diversity Policy, it is disclosed in the Corporate Governance Overview Statement on page 28 to 42 of the Annual Report 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: The Board (via the NC) evaluates the effectiveness of the Board as a whole, all Board committees of and the contribution of each individual Director. This evaluation, which is done annually, is facilitated by the Joint Company Secretaries and conducted using evaluation forms covering the following key areas of composition, administration and process, accountability and responsibility, Board conduct, communication and relationship with Management, performance as well as the application of good governance principles to create sustainable shareholder's value. Completed evaluation forms and the results of the evaluations are collated into a report and deliberated on by the NC and subsequently by the Board and key issues arising thereon if are identified for further action by the Executive Management. Based on the evaluation carried out for the financial year ended 31 December 2021, the NC has informed the Board that it was satisfied with the effectiveness of the Board and Board committees and the contribution and performance of each individual Director.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:

Timeframe	:		
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Intended Outcome

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

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

Practice 7.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board has currently yet to formalise the Remuneration Policy and Procedures of Directors and Executive Management.</p> <p>The Board (via the RC) will ensure that the Group's levels of remuneration commensurate with the skills and responsibilities expected of the Directors. The Board, as a whole, determines the remuneration of the Directors and each individual Director is required to abstain from discussing his or her own remuneration. The RC is guided by their years of experience when making recommendations for the compensation and benefits of Directors.</p> <p>The RC's recommended remuneration for Executive Directors is subject to Board's approval as it is the ultimate responsibility of the Board to approve the remuneration of such Directors. In relation to the fees and allowances for Directors, it will be presented at the AGM for shareholders' approval.</p> <p>The Board shall formalise the Remuneration Policy and Procedures of Directors and Executive Management as planned by the financial year ending 31 December 2022.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	The RC was established with clearly defined ToR, comprises three (3) Independent Directors and one (1) Executive Director, to assist the Board in the adoption of fair remuneration practices to attract, retain and motivate Directors and senior management. The RC's ToR is available on the Company's website.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The detailed disclosure on named basis for the remuneration of individual directors are set out in Item 8.1 of the Corporate Governance Overview Statement of the Annual Report 2021.

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	Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoo Hai	Non-Executive Non-Independent Director	96	0	0	0	1	7	104	96	0	41	0	1	15	153
2	Teoh Han Chuan	Executive Director	0	0	0	0	0	0	0	0	0	615	104	103	119	941
3	Dr Loh Yee Feei	Executive Director	6	0	0	0	0	0	6	6	0	456	70	52	59	643
4	Teh Li King	Executive Director	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Tan Kok Tiam	Independent Director	56	0	0	0	0	0	56	56	0	0	0	0	0	56
6	Chen Thien Yin	Independent Director	68	0	0	0	0	0	68	68	0	0	0	0	0	68
7	Khoo Chee Siang	Independent Director	68	0	0	0	0	0	68	68	0	0	0	0	0	68
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				

Intended Outcome

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

Practice 8.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>While the Board is cognisant on the importance of transparency, given the competitive search for talent within the industry, as well as other sensitive considerations, the Board believes that individual disclosure on named basis is not in the best interest of the Company. Further, such disclosure does not prejudice stakeholders' interest.</p> <p>This is also in line with the Group's policy of ensuring the privacy of its non-Board employees as well as the competitiveness of the Group in general. Apart from that, the said disclosure may also attract unnecessary head-hunting activities from competitors which will ultimately jeopardize on the Group's operations.</p> <p>Hence, the Board opined that the disclosure of the compensation of key management personnel in Note 29(c) to the financial statements on page 128 to 129 of the Annual Report 2021 is deemed adequate as it complies with Paragraph 17 of Malaysian Financial Reporting Standard 124 "Related Party Disclosures".</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the AC, Mr. Khoo Chee Siang, is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	As at the date of this Report, none of the current members of the AC is a former partner of the external audit firm of the Group. As a measure to safeguard the independence and objectivity of the audit process, the policy has been incorporated in the AC's Terms of Reference which is available on the Group's website, requires the former partner of the external audit firm of the Group to observe a cooling-off period of at least three (3) years before he can be considered for appointment as a AC member.
Explanation for departure	:	Please provide an explanation for the departure.
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors. Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence.</p> <p>This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the independence guidelines of the Malaysian Institute of Accountants.</p> <p>Additionally, to uphold the integrity of financial reporting by the Company, the AC has formalised and adopted Non-Audit Services Policy for the types of non-audit services permitted to be provided by the external auditors, including the need for the AC's approval in writing before such services can be provided by the external auditors. To address the "self-review threat" faced by the external audit firm it requires that the engagement team conducting the non-audit services to be different from the external audit team.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The AC comprises three (3) committee members, all of whom are Independent Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC members possess a wide range of necessary mix of skills and experience including accounting, corporate governance, finance, mergers & acquisitions, strategic planning, taxation and other areas of expertise specifically relevant to the work of AC, to assist the Board with oversight of:</p> <ul style="list-style-type: none">• the integrity of the financial statements;• the financial reporting process;• the systems of internal accounting and financial controls;• the performance of the internal audit function;• the identification and management of the significant risks; and• the compliance with ethics-related policies and legal and regulatory requirements. <p>They are financially literate and are able to understand matters under the purview of the AC. The background and qualification of AC members are disclosed in the Board of Directors' Profile on pages 21 to 24 of this Annual Report 2021.</p> <p>AC members are continuously undergoing relevant trainings which in line with their professional development so they may discharge their duties with greater effectiveness. The list of attended training programmes by AC members during the financial year are disclosed in the Corporate Governance Overview Statement on pages 34 to 35 of this Annual Report 2021.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has established a risk management framework which adopts a structured and integrated approach in managing key business risks. This framework together with the system of internal control are designed to manage the Group’s risks within its risk appetite rather than to eliminate, the risk of failure to achieve the Group’s business and corporate objectives.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's risk management initiative includes delegating the responsibilities of identifying and managing risk to the respective Head of each business unit. Significant risk identified, and the corresponding internal controls implemented are discussed during periodic management meetings. This is to ascertain the risk identified are properly monitored, managed, and mitigated to an acceptable level.</p> <p>The features of the Group's risk management framework and internal control system are set out in the Statement on Risk Management and Internal Control on pages 43 to 46 of the Annual Report 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is outsourced to an independent assurance provider to provide an independent and objective assurance on the effectiveness of governance, risk management processes and internal control system of the Group.</p> <p>The internal auditors’ independence is maintained by reporting functionally to the Board through the AC and administratively to Executive Management.</p> <p>Internal audit reports which are issued have to be tabled to the AC for review and Executive Management is required to be present at AC meetings to respond and provide feedback on the audit findings and recommended improvements.</p> <p>In addition, Executive Management is also required to present to the AC in meeting, status updates on significant matters and changes in key processes that could impact the Group’s operations.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 11.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is outsourced to YYC Advisor Sdn. Bhd. (“YYC”) which has two (2) personnel with relevant qualifications and/or experience in internal auditing as of 31 December 2021.</p> <p>Based on YYC’s written declarations, nothing has come to the AC’s attention to indicate that the internal audit personnel assigned by YYC to the Group’s internal audit during the financial year ended 31 December 2021 had any relationships or conflicts of interest with the Group, which could impair their independence and objectivity.</p> <p>The person responsible for the outsourced internal audit function is Ms. Christine Looi Pek San (“Ms. Christine”), the director of YYC. Ms. Christine is a professional member of the Institute of Internal Auditors Malaysia.</p> <p>YYC performed the internal audit work by referring to a recognized framework, such as the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to ensuring that communications to stakeholders and the investing public in general is timely and factual and are available on an equal basis. The Board is also aims to maintain a positive relationship with the different group of stakeholders through active two-way communication, and to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders' understanding of the Group, its core businesses and operations, thereby, enabling investors to make informed decisions in valuing the Company's shares.</p> <p>The release of announcements and information by the Group to Bursa Malaysia Securities Berhad ("Bursa Securities"), is handled by the Chief Financial Officer and/or the Joint Company Secretaries within the prescribed requirements of the Main market Listing Requirements.</p> <p>The Group leverages on a number of formal channels for effective dissemination of information to shareholders and other stakeholders, particularly via annual reports, circulars or statements to shareholders, quarterly financial statement and annual audited financial statements, and announcements from time to time. As these announcements and information can be price-sensitive, they are only be released after having reviewed by the MD, and/or the Board where necessary.</p> <p>The Company's website also provides all relevant information to stakeholders and the investing community. Quarterly financial statements and annual audited financial statements, announcements, financial information, annual reports, and circular/statements to shareholders are uploaded onto the Company's website for investors and the public.</p> <p>Any shareholders' queries or concerns relating to the Group may be conveyed to the MD at the principal place of business as detailed below:</p> <p>PTD 6001, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Batu 8, 84200 Muar, Johor Darul Ta'zim. Tel : +606-9865 236</p>

	<p>Fax : +606-9865 239 Email : info@swscap.com</p> <p>The AC Chairman the Board to be the contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the MD. He too can be contacted at the above address.</p> <p>The Board is also of the view that the AGM is an important opportunity to meet shareholders and address their concerns. At the AGM, the MD will provide a presentation of the Group’s annual operating and financial performance, followed by a Questions and Answers session during which the Chairman encourages shareholders’ active participation, including clarifying and questioning the Group’s strategic direction, business operations, performance and proposed resolutions.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board encourages the participation of shareholders at the AGM and has been sending notice of AGM earlier (at least 28 days) than the noticed period stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and will try to continue sending AGM notice earlier as and when possible.</p> <p>The 22nd AGM of the Company will be held on 27th May 2022, the Company issued the notice on 29th April 2022, which represents a notice period of 28 clear days.</p> <p>The Notice of 22nd AGM outlines the resolutions to be tabled in the 22nd AGM together with explanatory notes and background information on enable the shareholders to make informed decisions in exercising their voting rights.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>All the Directors of the Company attended the Company's 21st AGM held on 25th June 2021.</p> <p>Barring unforeseen circumstances, all Directors (which include the Chairs of all mandated Board committees) shall be attending the forthcoming 22nd AGM to address shareholders' queries at the meeting.</p> <p>The external auditors will also be present at the meeting to answer shareholders' queries on their audit process and report, the accounting policies adopted by the Group, and their independence.</p> <p>The Board will also share with the shareholders the Company's responses to questions submitted in advance of the forthcoming 22nd AGM by the Minority Shareholders Watch Group, if any.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 21st AGM held on 25 June 2021 was conducted fully virtual via live streaming and online remote voting using the Remote Participation and Voting (“RPV”) platform provided by Digerati Technologies Sdn Bhd (“Digerati”) in Malaysia at https://agm.diferati.com.my/sws-online.</p> <p>The RPV platform provided by Digerati will allow both individual shareholders and body corporate shareholders through their appointed representatives, to -</p> <ul style="list-style-type: none">• Submit proxy form electronically – paperless submission• Register for remote participation and voting at meetings• Participate in meetings remotely via live streaming• Vote online remotely on resolution(s) tabled at meetings <p>Digerati has put in place information security measures to prevent cyberthreats and data breaches.</p> <p>The results of the poll were verified by the Independent Scrutineer appointed by the Group, Baker Tilly MH (Penang) Sdn Bhd.</p> <p>The Company’s forthcoming 22nd AGM scheduled to be held on 27 May 2022 will be held virtually through live streaming and RPV in view of the COVID-19 pandemic so as to ensure the safety of all individuals in accordance with the Guidance on Conduct of General Meetings by Listed Issuers by the SC in July 2021 (as amended from time to time) and the standard operating procedures issued by Majlis Keselamatan Negara.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>At the commencement of the 21st AGM, the Chairman, Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoo Hai briefed the shareholders who presented virtually at the AGM of their right to ask questions and vote on the resolutions set out in the Notice of the 21st AGM.</p> <p>All Directors attended the virtual 21st AGM held on 25 June 2021 to response shareholders' queries. The external auditors was also present at the meeting to answer shareholders' queries on their audit process and report, the accounting policies adopted by the Group, and their independence.</p> <p>During the meeting, the Chairman informed that the Group received a letter from the Minority Shareholders Watch Group on 18 June 2021 with a total of six (6) questions raised by them and the responses to the questions raised were presented and answered during the Question & Answer (Q&A) session.</p> <p>Whilst the AGM is one of the platforms where shareholders can raise issues or seek explanation from the Board or Management, they are free to share their feedback and questions at the "Contact Us" at the Group's website at any time, outside of the AGM.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:

Timeframe	:		
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Intended Outcome

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

Practice 13.5

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

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

Application	:	Applied
Explanation on application of the practice	:	<p>The 21st AGM was held at the broadcast venue with restricted numbers in physical attendance to observe the requirements under SC's Guidance Note and FAQs on Conduct of General Meetings for Listed Issuers.</p> <p>The Company has conducted its 21st AGM virtually via live streaming and online remote voting on 25th June 2021. The Broadcast Venue of the 21st AGM was strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be at the main venue. No shareholders/ proxy(ies) were allowed to be physically present at the Broadcast Venue on the day of the 21st AGM.</p> <p>The details of the virtual 21st AGM and guidance notes on the conduct of AGM were stated explicitly in the Administrative Guide together with the Notice of AGM.</p> <p>Step 1 : To register as an user using the registrar website: https://agm.diferati.com.my/sws-online</p> <p>Step 2 : To request for RPV</p> <p>Step 3 : On the day of AGM</p> <p>Our shareholders were guided accordingly for their participation in the AGM. The proceedings of the AGM were live broadcasted and the shareholders were able to join the live streamed AGM via web portal which was facilitated by Digerati.</p> <p>The questions and the corresponding replies were also read out by the Chairman during the virtual AGM.</p>

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

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The Minutes of the 21 st AGM held on 25 June 2021 was uploaded to the Group's website.
Explanation for departure	: Please provide an explanation for the departure.
	: Please provide an alternative practice and explain how the alternative practice meets the intended outcome.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: N/A
Timeframe	: Choose an item.

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

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

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