

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0122  
**COMPANY NAME** : ADVANCE INFORMATION MARKETING 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for ensuring that Advance Information Marketing Berhad and its subsidiaries ("Group") strategies are aligned to the interests of the shareholders and other stakeholders, as well as leading and providing the necessary resources for achieving the Group's performance objectives. The roles and responsibilities of the Board are clearly defined in the Board Charter.</p> <p>Presently, the Group's priority is to address matters relating to the Group's business operating cash flow, ongoing material litigations and employee fraud in PT CLS System ("PTCLS"), a wholly-owned subsidiary of the Company in Indonesia.</p> <p>Throughout the board meetings held during the financial year, the Board had focused on exploring and deliberating options to strengthen the cash resources and income of the Group through private placement, other forms of financing and new business proposals. At the same, the Board also focused their attention in resolving material litigations involving the Group and shareholders' interests and stabilising the composition of the Board which had been through several changes during the year.</p> <p>Concerning the employee fraud case in PTCLS, the Board had allocated resources to engage consulting and legal firms to investigate the subject. To oversee this investigation process, the Board has delegated this oversight responsibility to the Audit Committee ("AC") and Risk Management Committee ("RMC") to review and report to the Board and at the same time to keep investors and shareholders informed of the progress status and outcome reported by these advisors.</p> <p>Apart from the above, the Board is supported by its Board Committees with specific delegated responsibilities, namely AC, RMC, Nomination Committee, and Remuneration Committee to ensure that more time and delicate deliberations are being made on the specific matters delegated to them by the Board. Progressively, the Board reviews the</p>

	<p>financial results, business operations performance, and the financial position of the Group with the consultation of Management team during board meetings.</p> <p>The Board had formalised and adopted its Code of Ethics and Conduct (“CEC”), as incorporated in the Board Charter of the Company. This CEC provides guidance on ethical and behavioural considerations and actions to the Board, management and employees. In addition, the Board has also defined and implemented the Anti-Corruption and Bribery Policy and Whistleblowing Policy and Procedures, which had been adopted by the Group.</p> <p>Collectively, the CEC, Anti-Corruption and Bribery Policy and Whistleblowing Policy and Procedures help the Group in instilling and communicating its core values standards to the organisation and stakeholders.</p> <p>The Board Charter, CEC and the policies of the Group are subject to review as and when necessary, to ensure they continue to remain relevant and adequate. The aforesaid are available for reference on the Company’s website at <a href="http://www.aim-net.com.my">http://www.aim-net.com.my</a>.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

**Intended Outcome**

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

**Practice 1.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Dato' Ir. Lim Siang Chai is the Independent Non-Executive Chairman of the Company and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group.</p> <p>The Chairman drove and instilled good corporate governance practices by carrying out his roles and responsibilities as specified in the Board Charter. These include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Ensuring appropriate board agendas are included, tabled and deliberated and board members receive complete and accurate information timely;</li> <li>• Leading board discussions and at the same time, encouraging active participation and balancing dissenting views to be freely expressed by other board members and Management;</li> <li>• Communicating effectively with shareholders during the Company's general meetings; and</li> <li>• Overseeing the Board Committees' activities together with all board members in establishing and monitoring good corporate governance practices within the Group.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The positions of Chairman and the Chief Executive Officer ("CEO") are held by two separate individuals and the roles and responsibilities of which are made clearly distinct to ensure and further enhance the existing balance of power and authority.  The Chairman's role is currently held by Dato' Ir. Lim Siang Chai, who is responsible for the orderly conduct and ensuring the effective functioning of the Board, whilst the principal role of the CEO, Mr Yeoh Siok Chen is to lead and manage the Group's operations and the implementation of the Board's policies and decisions.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: The Board had established a Risk Management Committee ("RMC"), in which the Board Chairman, Dato' Ir Lim Siang Chai, is one of the members of the RMC, alongside with Mr Kang Teik Yih, the Independent Non-Executive Director and Mr Mak Siew Wei, the Executive Director of the Company, being the Chairman and member of the RMC respectively.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: The Board will review the composition of its RMC and other Board Committees annually and endeavour to conform with this practice.
<b>Timeframe</b>	: By the end of the financial year 2022.

### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board was supported by Mr Tan Tong Lang and Ms Thien Lee Mee, the Company Secretaries of the Group in conducting board proceedings during the financial year up to their resignation which came effect on 1 October 2021. Ms Wong Youn Kim was then appointed as the Company Secretary of the Group in replacement thereof.</p> <p>Subsequent to the financial year end, Mr Tan Kok Siong was appointed as the Company Secretary of the Group to replace Ms Wong Youn Kim, who resigned on 3 January 2022.</p> <p>Both the former and current Company Secretaries have the requisite credentials and are qualified Chartered Secretaries under Section 235(2) of the Companies Act 2016. The Company Secretaries have supported the Board in carrying out the Board's fiduciary duties and stewardship role, advised the Board on matters relating to compliance with statutory and regulatory requirements, guidelines, legislations to ensure adherence thereof, as well as advised on corporate governance matters and best corporate governance practices.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.6**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Management and Company Secretary ensure that the Board receive adequate and timely information before Board and Board Committee meetings.</p> <p>Unless otherwise agreed, a notice of each meeting together with relevant Board papers are forwarded to each director no later than seven (7) days before meeting. This arrangement enables Board Members to seek clarification or further explanation from the management and Company Secretary beforehand. During the Board and Board Committees’ meetings, the CEO and other key senior management were also invited to provide additional information and explanation accordingly.</p> <p>The deliberations of the Board and Board Committees, as well as the decision outcome and conclusion of the meetings are minuted in the minutes of meetings by the Company Secretary. These minutes of meetings were circulated to all Board members before the next meeting and signed by the Chairman of the Board or Board Committees as a correct record of the proceedings of the meeting based on the confirmation from all the Board members or Board Committee members.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by a Board Charter, which defined and sets out, among others, the board composition, the roles, duties and responsibilities of the Board and the Directors, the establishment of Board Committees, the conduct of board meetings, board performance evaluation, Directors' remuneration, access to information and independent professional advice and Code of Ethics and Conduct.</p> <p>Specific roles, duties and responsibilities of the Board Committees, such as the Audit Committee, Nomination Committee and Remuneration Committee, were further defined in their respective Terms of Reference ("TOR"). The reserved matters covering corporate exercises, shareholders' communication and corporate governance are retained for Board decision.</p> <p>The Board Charter is reviewed and updated periodically in accordance with any new regulations that may have impact on the Board's duties and responsibilities or as and when the need arises to ensure that it reflects the governance expectation of the stakeholders and authorities.</p> <p>The Board Charter and the TORs of the abovementioned Board Committees are available for reference at the Company's website at <a href="http://www.aim-net.com.my">http://www.aim-net.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised and adopted its Code of Ethics and Conduct ("CEC"), as incorporated in the Board Charter of the Company. This CEC provides guidance on ethical and behavioural considerations and actions to the Board, Management and employees when they are performing their duties and obligations.</p> <p>Collectively, the CEC, Anti-Corruption and Bribery Policy and Whistleblowing Policy and Procedures help the Group in instilling and communicating its core values and standards to the organisation and stakeholders. The CEC and the aforesaid policies are subject to review as and when necessary, to ensure they continue to remain relevant and adequate.</p> <p>The details of the CEC, Anti-Corruption and Bribery Policy and Whistleblowing Policy and Procedures of the Company are available for reference on the Company's website at <a href="http://www.aim-net.com.my">http://www.aim-net.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board had established and adopted a Whistleblowing Policy and Procedures, to provide an avenue to facilitate all employees of the Group and members of the public to raise any concerns or disclose any improper conduct involving the Group and its Directors or employees, and take appropriate action to resolve it effectively.</p> <p>Stakeholders who know of or suspect any violation of the Whistleblowing Policy may report to the Chairman of the Audit Committee (“AC”) by emailing to <a href="mailto:aim@whistleblower.com.my">aim@whistleblower.com.my</a>. The Company assures that all reports will be treated in the strictest of confidence and promptly investigated.</p> <p>To provide comfort on the protection of the confidentiality of the information and identity of the whistle-blowers, the Board has assigned and entrusted the administration of the whistleblowing reporting channel to the outsourced Internal Audit Function, IA Essential Sdn Bhd. During the financial year 31 December 2021, the AC Chairman and the Board did not received any report from these whistleblowing channels.</p> <p>The Board had also established and adopted the Anti-Corruption and Bribery Policy, which governs the prevention of corruption and unethical practices within the Group. This policy sets out the appropriate practices to be complied with in relation to improper solicitation, bribery and other corrupt activities and/or issues that may arise in the course of business and is applicable to all employees and Directors of the Group.</p> <p>Both Whistleblowing Policy and Procedures and Anti-Corruption and Bribery Policies are available on the Company’s website at <a href="http://www.aim-net.com.my">http://www.aim-net.com.my</a>.</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

### Practice 4.1

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

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board acknowledges the importance of embracing the sustainability considerations when exercising its duties including the development and implementation of company strategies, business plans, major plans of action and risk management.</p> <p>The Group has yet to establish a formal sustainability framework and undertake material sustainability initiatives. Primarily, this was due to the other priorities of addressing the Group's business and operating cashflow, resolving on-going material litigations and employee fraud matter in PT CLS System ("PTCLS"), a wholly-owned subsidiary of the Company in Indonesia.</p> <p>Nonetheless, the Group continues to uphold its values of good corporate citizenship and safeguard the well-being of its employees.</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**

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

**Practice 4.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	As mentioned in Practice 4.1, the Group has yet to establish a formal sustainability framework due to other priorities of addressing the Group's business and operating cashflow, resolving on-going material litigations and employee fraud matter.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	As mentioned in Practice 4.1, the Group has yet to establish a formal sustainability framework due to other priorities of addressing the Group's business and operating cashflow, resolving on-going material litigations and employee fraud matter.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	As mentioned in Practice 4.1, the Group has yet to establish a formal sustainability framework due to other priorities of addressing the Group’s business and operating cashflow, resolving on-going material litigations and employee fraud matter.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### **Intended Outcome**

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

### **Practice 4.5- Step Up**

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

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	This Step Up practice is not applicable to the Company, as the Company is not a Large Company.  In addition, as mentioned in Practice 4.1, the Group has yet to establish a formal sustainability framework due to other priorities of addressing the Group's business and operating cashflow, resolving on-going material litigations and employee fraud matter.

**Intended Outcome**

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

**Practice 5.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The annual re-election of Director is performed according to the relevant provisions under the Company's Constitution by the Nomination Committee ("NC").</p> <p>Each Board Member was provided with performance evaluation forms and questionnaires for the assessment of the Board, Board Committees and individual Directors after the end of each financial year. The results of the individual Director's assessments had supported the NC's review and recommendation, as well as the Board's decision to endorse the retiring Directors standing for re-election, in contingent on satisfactory evaluation of the said Director's performance and contribution to the Board.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:	Others	

**Intended Outcome**

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

**Practice 5.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>As at the date of the issuance of this report, the Board consists of six (6) members, comprising one (1) Executive Director and five (5) Independent Non-Executive Directors (“Independent Directors”) including the Chairman. The Independent Directors are:</p> <p>(a) Dato’ Ir Lim Siang Chai;  (b) Dato’ Kang Chez Chiang;  (c) Mejar Dato’ Ismail Bin Ahmad;  (d) Kang Teik Yih; and  (e) Choong Mun Kit</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.3**

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

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Board Charter of the Company provides that:</p> <p><i>“The Independent Directors whose tenure exceeds a cumulative term of nine (9) years may continue to serve on the Board subject to the Director’s re-designation as a Non-Independent Director. The Board must justify and seek the shareholders’ approval in the event it retains an Independent Director who has served in that capacity for more than nine (9) years.”</i></p> <p>The Board Charter has not been revised to adopt the recommended practice of seeking annual shareholders’ approval through a two-tier voting process, in the event the Board intends to retain an independent director beyond nine (9) years. Nonetheless, as of the date of the issuance of this report, there is no Independent Director whose tenure exceeds a cumulative term of nine (9) years.</p>	
<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**

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.

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

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of diversity and its benefits in bringing richer perspectives to the boardroom and various levels of Management within the Group.</p> <p>The Nomination Committee (“NC”) is responsible for leading the process for the nomination of new Board members and senior management and making the necessary recommendations to the Board for their appointment.</p> <p>In assessing the suitability and integrity of candidates, the NC will evaluate the core competencies, time commitment, possible contribution and past performance history of the candidates, as well as their understanding of the business, markets and the industry in which the Group operates and their knowledge in accounting, finance and legal matters. These criteria will be assessed in the subsequent annual performance review on an on-going basis, to ensure that Directors continue to be able to match the increasing expectations from the stakeholders.</p> <p>Board Members would be provided with the performance evaluation forms and questionnaires for the assessment of the Board, Board Committees and individual Directors after the end of each financial year. Based on the aforesaid, the NC would then assess the effectiveness of each Board Committees and the Board as a whole and report to the Board the summary outcome of such annual evaluation.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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



**Intended Outcome**

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

**Practice 5.6**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>As disclosed in Practice 5.5, the Nomination Committee (“NC”) is responsible for leading the process for the nomination of new Board members and senior management and making the necessary recommendations to the Board for their appointment.</p> <p>In identifying suitable new candidates, the NC will consider the recommendations from existing board members, management, major shareholders, as well as independent third-party source and evaluate the suitability of the candidates to ensure the recommended candidates could meet the expectation and gain support from the stakeholders.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The profiles of each Director including the details of their age, work experience, professional qualifications, skillsets, educational background, directorships in other listed and non-listed public companies, family relationship with any other Director and/or major shareholder of the Company, as well as their conflict of interest with the Company (if any), etc, are set out on pages 4 to 6 of the Annual Report 2021 for shareholders' reference and purview.</p> <p>In addition, shareholders could also ascertain other important information pertaining to the independence of the Independent Directors of the Company in terms of their controlling share interest of in the Company (if any), any related party transactions involving their interest, their remuneration, meeting attendance, position and roles in Board Committees and the responsibilities undertaken before casting their vote for the appointment or re-appointment of the Directors.</p> <p>The Board's statement of support on the appointment (if any) or re-appointment of the Directors is set out in the explanatory notes of the Notice of Annual General Meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.8

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Mejar Dato' Ismail Bin Ahmad, the Independent Non-Executive Director of the Company, was appointed as the Chairman of the Nomination Committee ("NC") on 18 October 2021.</p> <p>The other members of the NC are Dato' Kang Chez Chiang and Mr Choong Mun Kit, both are also Independent Non-Executive Directors.</p> <p>The Chairman of the NC assumes the following responsibilities:</p> <ul style="list-style-type: none"><li>(a) conduct the NC meetings and report to the Board on matters deliberated and recommended by the NC;</li><li>(b) leading in succession planning and appointment of board members, including the future Chairman and CEO; and</li><li>(c) leading the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed.</li></ul> <p>The profiles of the NC can be viewed in the Annual Report 2021 and the Terms of Reference of the NC is published on the Company's website at <a href="http://www.aim-net.com.my">http://www.aim-net.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board recognises the importance of diversity with the right mix of skills and experience in Board's composition in ensuring its effectiveness and good corporate governance. The Board will review its composition as and when it is required and will formalise and adopt a Gender Diversity Policy in due course.	
		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>			
<b>Measure</b>	:	The Board will endeavour to ensure at least one (1) female director is appointed to the Board by 1 June 2023, pursuant to Rule 15.02(1)(b) of the ACE Market Listing Requirements and in compliance with the implementation date set by the Bursa Malaysia Securities Berhad.	
<b>Timeframe</b>	:	Within 1 year	

## Intended Outcome

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

### Practice 5.10

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board has yet to establish a formal Gender Diversity Policy for the Board and Senior Management.	
		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>			
<b>Measure</b>	:	The Board will deliberate and define a formal Gender Diversity Policy in due course.	
<b>Timeframe</b>	:	Within 1 year	

### Intended Outcome

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

### Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Nomination Committee (“NC”) is accountable to the Board to undertake the annual performance evaluation of the Board’s effectiveness as a whole, including the performance of the various Board Committees and each individual Director’s contribution to the Board performance.</p> <p>As explained in Practice 5.1, each Board Member was provided with the performance evaluation forms and questionnaires for the assessment of the Board, Board Committees and individual Director after the end of each financial year. The Directors’ responses will then be collated by the Company Secretary and a summary of the findings will be submitted to the NC for deliberation during the NC meeting. The NC will then review and assess the adequacy of the Board’s composition and Individual Director’s performance through the summary and make the necessary recommendation to the Board.</p> <p>The assessment of the Board is based on four (4) main areas relating to the Board composition, Board operations, Board and Chairman’s roles and responsibilities as well as the Board Committees’ roles and responsibilities. For individual Director self/peer evaluation, the criteria for the assessment, among others, include the Director’s knowledge, skillsets, time commitment, constructive inputs, effective discharge of responsibilities and level of participation in the Board and/or Board Committees’ meetings.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

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

### Intended Outcome

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

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

### Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee ("RC") is responsible for reviewing the remuneration of the Executive and Non-Executive Directors of the Company to ensure the same is appropriately reflective of the experience, the level of responsibilities and contributions of the respective Directors. Broadly, the policy for determining the remuneration for Executive Directors is based on their skills, performance and experience. In contrast, the knowledge and level of responsibility undertaken are used to determine the remuneration for Non-Executive Directors. The RC also consider the remuneration paid by other organisations of similar size and business for comparison purpose.</p> <p>In terms of procedure, the RC is authorised by the Board to establish and maintain a formal and transparent procedure for assessing and recommending the remuneration package of each Director to the Board for approval. Procedurally, each Director shall abstain in the deliberation of their own remuneration.</p> <p>The Board collectively determined the remuneration for the Non-Executive Directors based on the recommendations made by the RC. The Directors' fees payable to Non-Executive Directors and any benefits payable to the Directors of the Company shall from time to time be determined and approved by the shareholders at the Annual General Meeting in accordance with Section 230 of the Companies Act 2016 based on the Board's recommendations.</p> <p>The remuneration of the Executive Director of the Company consists of both basic salary and other emoluments and are subject to review by the RC and approval by the Board. The performance of the Executive Director is reviewed annually, taking into consideration of the individual and Company's performance.</p>



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

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has set up a Remuneration Committee ("RC"), which comprise of three (3) members, all of whom are Independent Non-Executive Directors, namely Dato' Kang Chez Chiang, being the Chairman of the RC, Mejar Dato' Ismail Bin Ahmad and Mr Choong Mun Kit.</p> <p>The RC is responsible to assist the Board in carrying out annual reviews whereupon recommendations are submitted to the Board on the overall remuneration package for Directors and Senior Management team, to ensure that the remuneration package remains in support of its corporate objectives and shareholder value and is in tandem with its culture and strategy.</p> <p>The RC is also authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and fixing the remuneration packages of individual Directors. The determination of all Directors' remuneration, including Independent Directors, Executive and Non-Executive Directors is a matter of the Board as a whole, based on the recommendations made by the RC. Directors shall abstain from deliberations and voting on their own remuneration.</p> <p>The Directors' fees payable to Non-Executive Directors and any benefits payable to the Directors of the Company shall from time to time be determined and approved by the shareholders at the Annual General Meeting in accordance with Section 230 of the Companies Act 2016 based on the Board's recommendations.</p> <p>The roles and functions of RC are governed under its Terms of Reference ("TOR"), detailing its authority and duties authorised by the Board. The RC's TOR is disclosed on the Company's website at <a href="http://www.aim-net.com.my">http://www.aim-net.com.my</a>.</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**

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

### **Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The detailed disclosure on named basis for the remuneration of individual Directors who served the Board during the financial year ended 31 December 2021 is set out in the table below.

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	Dato Ir' Lim Siang Chai	Independent Director	36	5	135	0	0	6	182	0	0	0	0	0	0	0
2	Mak Siew Wei (retired on 27/5/2021, re-appointed on 8/10/2021)	Executive Director	14	4	43	0	0	5	66	0	0	42	0	0	5	47
3	Mejar Dato' Ismail Bin Ahmad (appointed on 8/10/2021)	Independent Director	8	4	0	0	0	0	12	0	0	0	0	0	0	0
4	Dato' Kang Chez Chiang (appointed on 5/3/2021)	Independent Director	30	10	0	0	0	0	40	0	0	0	0	0	0	0
5	Choong Mun Kit (appointed on 8/10/2021)	Independent Director	8	4	0	0	0	0	12	0	0	0	0	0	0	0
6	Kang Teik Yih (appointed on 8/10/2021)	Independent Director	14	4	0	0	0	0	18	0	0	0	0	0	0	0
7	Ang Huat Keat (resigned on 4/10/2021)	Non-Executive Non-Independent Director	27	6	0	0	0	0	33	0	0	0	0	0	0	0
8	Lee Kean Teong (resigned on 7/10/2021)	Independent Director	46	7	0	0	0	0	53	0	0	0	0	0	0	0
9	Azizullaili Bin Haji Jalaluddin (removed on 8/10/2021)	Executive Director	1	0	42	0	0	6	49	0	0	0	0	0	0	0
10	Dato' Zainuddin Bin Yaacob (appointed)	Independent Director	6	0	0	0	0	0	6	0	0	0	0	0	0	0

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
	on 8/7/2021, resigned on 3/9/2021)															
11	Chean Meng Hee (appointed on 3/9/2021; removed on 8/10/2021)	Executive Director	0	8	0	0	0	1	9	0	0	0	0	0	0	0

### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The remuneration of the top five (5) Senior Management of the Company is disclosed in bands of RM50,000 under the Corporate Governance Overview Statement of the Annual Report 2021 without disclosing by name basis. Shareholders can evaluate the appropriateness of this total remuneration paid against the financial performance of the Group.</p> <p>The board believes that disclosing the Senior Management personnel's names and their various remuneration components (salary, bonus, benefits-in-kind and other emoluments) would not be in the best interest of the Group and the individuals due to confidentiality and security reasons. However, the Board assures the shareholders that the remuneration of the Senior Management commensurate with the performance of the Company, with due consideration to attract, retain and motivate Senior Management to lead and run the Company.</p> <p>Alternatively, the number of senior management personnel whose remuneration falls within the respective bands has been disclosed in bands of RM50,000 in the Corporate Governance Overview Statement on page 16 of the Annual Report 2021. The Company will consider applying the recommended disclosure practice in future.</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>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

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



**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Taken in account of the change in the composition of the Audit Committee ("AC") of the Company during the financial year 31 December 2021, none of the current or former Chairman of the AC is or was the Chairman of the Board during the tenure of them being the Chairman of the AC.</p> <p>The current Chairman of the AC is Mr Kang Teik Yih, whilst the Chairman of the Board is Dato' Ir Lim Siang Chai. Details of the current AC's composition and the summary of work of activities of the AC are set out in the AC Report on pages 20 to 23 of the Company's Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As of the date of issuance of this Report, none of the Audit Committee ("AC") member is a former partner of the Company's External Auditors, Messrs UHY.</p> <p>The Board recognises the importance of observing the cooling-off period to safeguard the independence of the audit by avoiding the potential threats which may arise when a former partner exerts influence over the audit and preparation of the Group's financial statements.</p> <p>The Board will observe the required cooling-off period of at least three (3) years before a former partner of the Company's External Auditors could be considered for the appointment as a member of the AC, if any.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee ("AC") maintains a transparent and professional arrangements in dealing with the Group's External Auditors. The AC also has explicit authority to communicate directly with the External Auditors from time to time.</p> <p>The AC reviews the audit, recurring audit-related and non-audit services and the terms of engagement provided by the External Auditors before recommending the same together with the audit fees payable to the Board for approval. In reviewing such services, the AC ensures that the independence and objectivity of the External Auditors are not compromised. The effectiveness and performance of the External Auditors are also reviewed annually by the AC.</p> <p>Annually, in assessing the suitability and independence of the External Auditors, the AC has taken into consideration the following:</p> <ul style="list-style-type: none"><li>i) the compliance of the audit firms and partners with the regulatory requirements;</li><li>ii) the adequacy of the experience and resources of the audit team;</li><li>iii) their ability to meet deadlines and respond to issues promptly;</li><li>iv) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and</li><li>v) the safeguard measures in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.</li></ul> <p>The External Auditors, Messrs UHY have also provided their independent declaration to the AC and the Board before and after the finalisation of the Group's statutory audit, confirming their</p>

	<p>independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements.</p> <p>Being satisfied with the External Auditors' performance, technical competence and independence, the AC recommended the re-appointment of Messrs UHY as External Auditors for the financial year 31 December 2021 to the Board for its recommendation for the shareholders' approval at the 17<sup>th</sup> Annual General Meeting of the Company.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee consists of three (3) members, which comprise solely Independent Non-Executive Directors as named below:  (a) Chairman – Mr Kang Teik Yih (b) Member – Dato' Dato' Kang Chez Chiang (c) Member – Mejar Dato' Ismail Bin Ahmad

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	All Audit Committee ("AC") members are financially literate and are able to understand matters under the purview of the AC, including the financial reporting process. All AC members possess the relevant experience and expertise to discharge their duties effectively. The qualification and experience of each individual AC members are disclosed in the Directors' Profile on pages 4 to 6 of the Annual Report 2021.  The AC members undertake continuous professional development to ensure that they keep abreast of the relevant developments in accounting and auditing standards, practices and rules, and other relevant changes in laws and regulations. A summary of the training programmes, conferences and seminars attended by each AC members during the financial year under review is set out on page 13 of the Annual Report 2021.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its overall responsibility in maintaining a sound system of internal control and risk management practices. However, such system could only provide reasonable but not absolute assurance against material misstatements, fraud or losses and any other adverse event.</p> <p>The Audit Committee ("AC") assists the Board in overseeing and evaluating the adequacy and effectiveness of the Group's risk management and internal control systems. Periodically, the Audit Committee receives and reviews reports from the Internal Auditors and External Auditors on internal control lapses or deficiencies noted and their recommendations for improvement. The AC also assesses the timeliness of management actions to respond to the audit recommendations. The effectiveness of the internal control systems of the Group is reviewed periodically by the AC.</p> <p>The Board has also set up a Risk Management Committee ("RMC") to identify, evaluate and monitor significant risks the Group faces. The said RMC is also responsible for developing risk mitigation strategies and plans.</p> <p>During the financial year, the AC received reports on fraud committed by employees in PT CLS System ("PTCLS"), a wholly-owned subsidiary of the Company operating in Jakarta, Indonesia from Management and the Internal Auditor. Upon deliberating the issues reported, the Board has engaged independent forensic auditors to investigate the fraud case thoroughly, in addition to the internal domestic investigation performed by PTCLS.</p> <p>Nonetheless, the Board has received assurance from the Executive Director and the Group CEO that to the best of their knowledge, the Group's risk management and internal control systems are operating adequately and effectively in all material aspects. Subsequent to the discovery of the fraud in Indonesia's subsidiary, Management has</p>

	<p>strengthened the internal controls on the deficiencies reported by the Internal Auditors.</p> <p>The information and further details on the Group's risk management and internal control are reported in the Statement on Risk Management and Internal Control on pages 24 to 27 of the Annual Report 2021.</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 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board engages the service of an external professional internal audit firm, IA Essential Sdn Bhd. The outsourced Internal Auditors of the Company are entrusted to review a wide range of areas pertaining to the business and operation of the Group, so as to identify any weaknesses in internal controls.</p> <p>The Audit Committee reviews internal control issues identified by the Internal Auditors and Management. In the process, it evaluates the adequacy and effectiveness of the Group's risk management and internal control system. The Group is progressively developing and enhancing its group operating policies and procedures to address the changing environment of its business operations and practices.</p> <p>The details of the Group's risk management and internal control framework are elaborated in the Statement on Risk Management and Internal Control on pages 24 to 27 of the Annual Report 2021. This Statement has been reviewed by the External Auditors in accordance with Rule 15.23 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.</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 10.3 - Step Up**

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

<b>Application</b> :	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 11.1**

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Group has outsourced its internal audit function to IA Essential Sdn Bhd, a third-party internal audit firm which is not involved in the operations of the Group. The internal audit function’s principal role is to assist the Audit Committee (“AC”) and the Board in conducting independent assessment and systematic reviews on the Group’s internal control system and governance practices, so as to provide reasonable assurance on the adequacy, integrity and effectiveness of the Group’s overall system of internal controls, risk management and governance.</p> <p>The Internal Auditors have conducted their work based on the broad principles of the International Professional Practice Framework of the Institute of Internal Auditors covering the audit planning, execution, documentation, communication of findings and consultation with key stakeholders on the audit concerns.</p> <p>Functionally, the Internal Auditors report directly to the AC to ensure their independence. The AC has reviewed and approved the annual audit plan and scope of work of the Internal Auditors to ensure that the audit direction is appropriate and remains relevant. Private session with the Internal Auditors will be held without the presence of Management by the AC if needed to allow the Internal Auditors to exchange their views freely with the AC.</p> <p>The Internal Auditors conduct reviews in accordance with the internal audit plan and scope approved by the AC. During the financial year, the Internal Auditor conducted a review on PT CLS System (“PTCLS”), a wholly-owned subsidiary of the Company operating in Jakarta, Indonesia. The areas covered in the audit review were Sales and Collection, Purchasing, Inventory and Employee Claims and Incentives. Based on the audit review, the Internal Auditors suggested actions to tighten the control lapses in the Sales, Collection, Purchasing and Inventory functions to address the employee fraud issue reported by Management.</p>

	The details of the Group's internal control system and framework are set out in the Statement on Risk Management and Internal Control in the Annual Report 2021.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has outsourced its internal audit function to a third-party internal audit consulting firm, IA Essential Sdn Bhd, which is not involved in the operations of the Group.</p> <p>The internal audit function is headed by Mr Chong Kian Soon, the Director of IA Essential Sdn Bhd, overseeing the assignment carried out by a manager and two seniors. Kian Soon is a member of Chartered Accountants Australia and New Zealand, the Malaysia Institute of Certified Public Accountants and the Institute of Internal Auditors Malaysia.</p> <p>The internal audit team have conducted their work based on the broad principles of the International Professional Practice Framework of the Institute of Internal Auditors covering the conduct of the audit planning, execution, documentation, communication of findings and consultation with key stakeholders on the audit concerns.</p> <p>To ensure the objectivity and independence of the internal audit team, the Internal Auditors report directly to the Audit Committee (“AC”) and the AC reviews the engagement proposed by the Internal Auditors annually.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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



## Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises that stakeholders shall be informed and updated of all developments and material information concerning the Group in timely manner. Accordingly, through the various announcements made to the Bursa Malaysia Securities Berhad ("Bursa Securities") and the Company's websites, the Company communicates and keeps stakeholders informed of all developments and material information necessary for their evaluation and decision making.</p> <p>In order to maintain its commitment of effective communication with stakeholders, the Company embraces the practice of comprehensive, timely and continuing disclosures of information to its stakeholders, including the general investing public.</p> <p>The Group leverages on information technology to create ease of access and convenience in all communications for stakeholders. The Company's website at <a href="http://www.aim-net.com.my">http://www.aim-net.com.my</a> incorporates an Investor Relations section that provides all governance related announcements and information made by the Company as well as its Annual Reports. Shareholders are encouraged to access the Company's website as well as Bursa Securities' website at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a> to obtain the latest information of the Company. Continuous improvement and development of the website will be undertaken by the Company to ensure easy and convenient access.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

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

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

**Practice 12.2**

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

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

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Notice of the 17<sup>th</sup> Annual General Meeting (“AGM”) of the Company was issued to the shareholders and published on a nationally circulated newspaper on 30 April 2021, i.e. at least 28 days prior to the 17<sup>th</sup> AGM which was held on 27 May 2021. This also complies with the 21 days’ notice requirement under the Companies Act 2016. This is to ensure that shareholders were given sufficient time to read and consider the resolutions to be resolved.</p> <p>In addition to the explanatory notes to the ordinary and special business as stated in the Notice of the 17<sup>th</sup> AGM, the Company also included explanatory notes to the shareholders regarding their entitlement to attend the AGM and their rights to appoint a proxy, facilitating shareholders’ understanding of the proposed resolutions and their effects as well as enabling shareholders to make informed decisions in exercising their voting rights.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Due to the Covid-19 pandemic which led to the lockdowns implemented by the Malaysian Government, the Company had conducted all its General Meetings during the financial year, including its 17<sup>th</sup> Annual General Meeting on a fully virtual basis, either through live streaming from the broadcast venue at the Company's head office or entirely via remote participation and voting online meeting platform.</p> <p>All Directors of the Company at that time being were present at the General Meetings to respond to any questions raised by the shareholders.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.3**

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Due to the Covid-19 pandemic which led to the lockdowns implemented by the Malaysian Government, the Company took the necessary precaution and preventive measures in complying with the directives issued by the Malaysian Government by leveraging information technology in conducting all its General Meetings during the financial year, including its 17<sup>th</sup> Annual General Meeting on a fully virtual basis, to facilitate the shareholders to participate at the General Meetings remotely and the voting of all the resolutions table at the General Meetings were carried out electronically (e-voting). The shareholders are still entitled to appoint proxy/proxies to vote on their behalf in their absence at the virtual General Meeting.</p> <p>The entire proceeding of all General Meetings was held using the Remote Participation and Voting Facilities with the electronic polling administration procedures being deployed, and the poll results of each General Meetings were verified by an independent scrutineer.</p> <p>The Administrative Details of the General Meetings as well as the user guide with detailed registration and voting procedures were shared with the shareholders.</p> <p>The virtual meeting host ensured the security of the system by protecting data privacy and preventing cyber threats.</p>
<b>Explanation for departure</b>	:	<p>Please provide an explanation for the departure.</p> <hr/> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>

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

<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:		Please specify number of years.

### Intended Outcome

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

### Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Company's Annual General Meeting or any Extraordinary General Meetings (collectively referred as "General Meetings") provides a direct channel of communication with shareholders.</p> <p>At the General Meetings, the shareholders are encouraged to participate in the questions and answers session thereat. They will be allowed to raise questions or seek more information from the Directors or Senior Management team on the proposed resolutions during the meeting. The Board or the Senior Management will endeavour to answer as many questions as possible, if any, raised by the shareholders with concise responses.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	



**Intended Outcome**

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

**Practice 13.5**

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

*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.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has leveraged information technology in conducting all its General Meetings during the financial year on fully virtual basis, to encourage and facilitate the shareholders to participate at the General Meetings remotely and the voting of all the resolutions table at the General Meetings were carried out electronically (e-voting). Shareholders are also allowed to pose questions to the Board or the Senior Management during the questions and answers session thereat.</p> <p>Besides ensuring the security of the system in protecting data privacy and preventing cyber threats, the virtual meeting host also provided the required infrastructure and tools to support the broadcast of the General Meeting and questions raised are made visible to all meeting participants during the meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: The Company has yet to adopt this practice. Nonetheless, the Company announced the outcomes of the General Meetings conducted during the financial year on the same day of these meetings being held.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: The Company will upload the minutes of all General Meetings to be held moving forward, no later than 30 business days after the General Meeting, on the Company's website at <a href="http://www.aim-net.com.my">http://www.aim-net.com.my</a> .
<b>Timeframe</b>	: By the next Annual General Meeting

**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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