

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0122
COMPANY NAME : ADVANCE INFORMATION MARKETING BERHAD
FINANCIAL YEAR : December 31, 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board ensured that Advance Information Marketing Berhad ("AIM" or "Company") 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>The Group prioritised to address matters relating to the Group's business operating cash flow, venture in new pharmacy retail business and restructuring of business in PT CLS Solutions ("PT CLS"), a wholly-owned subsidiary of the Company in Indonesia.</p> <p>Throughout the Board meetings held during the financial year ended ("FYE") 31 December 2022, the Board had focused on exploring and deliberating options to strengthen the cash resources and income of the Group through private placement, rights issue and venture in new pharmacy retail business. At the same time, the Board had also focused on taking active actions in restructuring and strengthening of the management team of PT CLS.</p> <p>Apart from the above, the Board is supported by its Board Committees with specific delegated responsibilities, namely Audit Committee, Risk Management Committee, 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 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 has formalised and adopted its Code of Ethics and Conduct ("CEC"), as incorporated in the Board Charter of the Company. The CEC provides guidance on ethical and behavioural considerations and actions to the Board, Management and employees of the Group. In addition, the Board has also formalised and implemented the Anti-</p>

	<p>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 http://www.aim-net.com.my.</p>	
<p>Explanation for departure</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>Measure</p>		
<p>Timeframe</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.

Application	:	Applied
Explanation on application of the practice	:	<p>Dato' Ir. Lim Siang Chai is the Non-Independent Non-Executive Chairman of the Company and is primarily responsible for leading the Board on matters pertaining to the overall conduct of the Board and the Group, as well as the achievement of the Group's strategic vision.</p> <p>The Chairman drives and instils 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">• Ensuring appropriate Board agendas are included, tabled and deliberated during Board meetings and Board members received complete and accurate information in timely manner;• 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;• To chair the general meetings of the Company and communicates effectively with shareholders during the Company's general meetings; and• Overseeing the Board Committees' activities together with all Board members in the effort of establishing and monitoring good corporate governance practices within the Group.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	<p>The position of the Chairman and the Chief Executive Officer ("CEO") are held by different individuals. The roles and responsibilities of which are made clearly distinctive to each other, to provide effective leadership to the Board and the Group.</p> <p>The Board is of the view that the distinct and separate roles of the Chairman and the CEO, with a clear division of responsibilities as clearly defined in the Board Charter would ensure and further enhance the existing balance of power and authority, such that no one individual has unfettered power of decision-making.</p> <p>The Chairman, Dato' Ir. Lim Siang Chai, is responsible for the orderly conduct and effective functioning of the Board, the achievement of the Group's strategic vision and for leading the Board in its collective oversight of Management, whilst the Group's CEO, Mr Yeoh Siok Chen focuses on leading the business and day-to-day management of the Group's operations, as well as the implementation of the Board's policies and decisions.</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

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Departure
Explanation on application of the practice :	
Explanation for departure :	<p>The Board had established a Risk Management Committee ("RMC"), in which the Chairman of the Board, Dato' Ir. Lim Siang Chai ("Dato' Ir. Lim"), is one of the member of the RMC, alongside with Mr Kang Teik Yih (Independent Non-Executive Director) being the RMC Chairman and Mr Mak Siew Wei (Executive Director) being another RMC member.</p> <p>The Board opined that it is beneficial for the RMC to have members with diverse experience and expertise in various industries. This would allow the RMC to have a more comprehensive and informed approach to risk management. Given that Dato' Ir. Lim has a wide range of experience in various industries, it is likely that he would be able to provide valuable insights and objective views to the RMC.</p>
<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 is supported by the Company Secretary of the Group in conducting board proceedings during the FYE 31 December 2022.</p> <p>The Company Secretary is suitably qualified, experienced and competent, as well as possesses the requisite credentials to be a Company Secretary under Section 235(2) of the Companies Act 2016. He has 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 the Board on corporate governance matters and best practices.</p> <p>The Company Secretary continuously monitor corporate governance developments, regularly update and advise the Board on the latest requirements issued by regulatory authorities in relation to their duties and responsibilities and its implications to the Company, to ensure the Board's application of the governance practices to meet the Board's needs and stakeholders' expectations.</p> <p>Every Director has unrestricted access to the advice and services of the Company Secretary in ensuring the effective functioning of the Board. The Company Secretary would ensure that the Board and Board Committee meetings are properly convened and the deliberations, accurate and proper records of the proceedings and resolutions passed are well captured and documented.</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

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>Management and Company Secretary ensure that the Board receives adequate and timely information before Board and Board Committee meetings.</p> <p>Unless otherwise agreed, the notice of each meeting together with the relevant Board papers are forwarded to each Director no later than seven (7) days before meeting. This arrangement enables Directors to seek clarification or further explanation from 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 Committee, as well as the decision outcome and conclusion of the meetings are minuted in the minutes of meetings by the Company Secretary. The draft minutes of the respective meetings were circulated to the Board and Board Committees before the next meeting for confirmation, to ensure that the relevant deliberations and decisions are accurately recorded.</p> <p>The minutes of all proceedings will be signed by the respective Chairman of the meetings as a correct record of the proceedings, based on the confirmation from all Board or Board Committee members.</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 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 is guided by a Board Charter, which defined and sets out, among others, the Board composition, the roles, duties and responsibilities of the Board as a whole, the Executive Director and Independent 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, which is in line with best practices and standards of good corporate governance.</p> <p>Specific roles, duties and responsibilities of the Board Committees, such as the Audit Committee, Nomination Committee and Remuneration Committee, are further defined in their respective Terms of Reference ("TOR"). The reserved matters including corporate exercises, shareholders' communication and corporate governance are retained for Board decision.</p> <p>The Board Charter is applicable to all Directors and is to be reviewed and updated periodically in accordance with any new regulations that may have impact on the discharge of 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 the authorities.</p> <p>The Board Charter and the TORs of the abovementioned Board Committees are published 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	:		
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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.

Application	:	Applied
Explanation on application of the practice	:	<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. The said CEC is expected to govern the standards of ethics and good conduct expected of all Directors and employees of 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 and standards to the organisation and stakeholders. Employees are made aware that relevant disciplinary actions will be taken for unethical behaviour and gross misconduct that is in contravention with the ethos of the CEC and the aforesaid policies.</p> <p>The Anti-Corruption and Bribery Policy, which governs the prevention of corruption and unethical practices within the Group, has been designed in accordance with the Guidelines on Adequate Procedures issued by the Prime Minister's Department in December 2018, to comply with the legislation and policies governing bribery and corrupt practices in Malaysia, i.e. Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anticorruption Commission (Amendment) Act 2018 and any of its amendments or re-enactments that may be made by the relevant authority from time to time.</p> <p>The abovesaid 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, to enforce high ethical standards and ensure adherence to the relevant rules and regulations within the Group.</p> <p>The Board will regularly review and update the CEC, Anti-Corruption and Bribery Policy and Whistleblowing Policy as guided by the relevant regulations and requirements, as and when required, to ensure they remain relevant and appropriate. The aforesaid, which to be adhered</p>

	by all Directors and employees of the Group, are published on the Company's website at http://www.aim-net.com.my .	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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	:	<p>The Board had established and adopted the Whistleblowing Policy and Procedures, to provide an avenue to facilitate all employees and stakeholders of the Group 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 of any violation of the Whistleblowing Policy and Procedures may report to the Chairman of the Audit Committee (“AC”) by emailing to aim@whistleblower.com.my. The Company assures that all reports will be treated in strictest confidentiality and promptly investigated.</p> <p>To protect the confidentiality of the information and identity of the whistle-blower, the Board has assigned and entrusted the administration of the whistleblowing reporting channel to its outsourced independent Internal Audit Function, IA Essential Sdn Bhd. During the FYE 31 December 2022, the AC Chairman and the Board did not receive any report from any of the whistleblowing reporting channels.</p> <p>With regards to the Anti-Corruption and Bribery Policy which has been adopted by the Group, which governs the prevention of corruption and unethical practices within the Group, the Group has also encouraged the use of the whistleblowing reporting channel for all employees or stakeholders to report or raise concerns in relation to any suspected fraud, bribery or corruption incidents which is in violation of the said policy.</p> <p>The Whistleblowing Policy and Procedures is available on the Company’s website.</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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<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 that the Company had to address during the FYE 31 December 2022, such as the Group's fundamental business and the sustainability of operating cashflow, venture in new pharmacy retail business and restructuring of business in PT CLS System, a wholly-owned subsidiary of the Company in Indonesia, following the identification of the fraud occurrence.</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>		
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	As mentioned in Practice 4.1, the Group has yet to establish a formal sustainability framework due to other priorities that the Company had to address during the FYE 31 December 2022, such as the Group's fundamental business and the sustainability of operating cashflow, venture in new pharmacy business and restructuring of business in PT CLS System, a wholly-owned subsidiary of the Company in Indonesia, following the identification of the fraud incident identified in 2021.	
<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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	As mentioned in Practice 4.1, the Group has yet to establish a formal sustainability framework due to other priorities that the Company had to address during the FYE 31 December 2022, such as the Group's fundamental business and the sustainability of operating cashflow, venture in new pharmacy business and restructuring of business in PT CLS System, a wholly-owned subsidiary of the Company in Indonesia, following the identification of the fraud incident identified in 2021.	
<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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	As mentioned in Practice 4.1, the Group has yet to establish a formal sustainability framework due to other priorities that the Company had to address during the FYE 31 December 2022, such as the Group's fundamental business and the sustainability of operating cashflow, venture in new pharmacy business and restructuring of business in PT CLS Solutions, a wholly-owned subsidiary of the Company in Indonesia, following the identification of the fraud incident identified in 2021.	
<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	:	This Step Up practice is not applicable to the Company, as the Company is not a Large Company by the definition of Bursa Malaysia Securities Berhad ("Bursa Securities").

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 Nomination Committee ("NC") continues to discharge their functions to ensure that the Board composition and the tenure of each Director is reviewed annually. The NC also ensures that the re-election of Directors is carried out annually pursuant to the relevant provisions of the Company's Constitution and evaluation of the Directors are done objectively.</p> <p>The Board is of the opinion that the current Board composition of the Company, with their different background and specialisations, has the required mix of skills and experience required to discharge the Board's duties and responsibilities, as well as ensure diverse range of viewpoints, to facilitate optimal and effective decision making and governance.</p> <p>The NC is also accountable to the Board to undertake the performance evaluation of the Board as a whole, the various Board Committees and each Director's contribution to the board performance. Board members were 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.</p> <p>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 Director(s) standing for re-election, in contingent on satisfactory evaluation of the said Director's performance and contribution to the Board, with due consideration of the tenure, expertise, skills, knowledge and experience of the 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		
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Intended Outcome

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

Practice 5.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>As at the date of the issuance of this Report, the Board consists of six (6) members, comprising one (1) Executive Director, one (1) Non-Independent Non-Executive Chairman and four (4) Independent Non-Executive Directors (“Independent Directors”).</p> <p>The composition of the Board complies with Rule 15.02(1) of the ACE Market Listing Requirements (“ACE LR”) of Bursa Securities, which requires at least two (2) directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors. The Independent Directors of the Company are named below:</p> <ul style="list-style-type: none">(a) Mejar Dato’ Ismail Bin Ahmad;(b) Mr Kang Teik Yih;(c) Mr Choong Mun Kit; and(d) Madam Ong Poh Lin Abdullah
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 5.3

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	As at the date of issuance of this Report, there is no Independent Director whose tenure of office exceeds a cumulative term of nine (9) years.	
		The Board Charter of the Company stipulates that where 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 as an Independent Director, a person who has served in that capacity for more than nine (9) years.	
<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.

<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>	
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>The Board acknowledges the importance of diversity with the right mix of skills and experience in Board's composition in ensuring its effectiveness and good corporate governance, as well as its benefits in bringing richer perspectives to the Board 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, after taking into consideration the structure, size, balance and composition of the Board and Board Committees.</p> <p>In assessing the suitability and integrity of candidates, the NC will evaluate the core competencies, time commitment, possible contribution, past performance history of the candidates, and their understanding of the business, markets and the industry in which the Group operates, as well as 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 consider and recommend the re-election of Directors who are due for retirement and to ensure that Directors continue to be able to match the increasing expectations from the stakeholders. Nonetheless, the final decision on the appointment or re-election of a Board member candidate recommended by the NC shall lie with the Board.</p> <p>For the FYE 31 December 2022, the NC had carried out an assessment on the effectiveness of the Board as a whole, the respective Board Committees and each individual Director. The evaluation process of each individual Director also included self-review assessment on their independence status. 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 assessment. The NC was satisfied with the performance and the results of the assessments of the Board as a whole, the Board Committees and each individual Director.</p>

	<p>The Board has also formalised its expectations on time commitment by Board members vide the Board Charter. Directors are required to notify the Chairman before accepting any new directorship in other public listed company and such notification shall include an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Group.</p> <p>Currently, all Directors of the Company hold not more than five (5) directorships in public listed companies, which is in compliance with Rule 15.06 of the ACE LR of Bursa Securities.</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

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	:	<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>The NC will scrutinise the suitability and qualification of the candidates by taking into account the candidate’s mix of skills, competency, expertise, experience, professionalism, integrity, time commitment and contribution that the candidate could provide to complement the Board and recommend the same for the Board’s approval.</p> <p>In the process of identifying suitable new candidates, the NC does not solely rely on recommendations from the existing Board member, Management or major shareholders of the Company. The Board will ensure that an appropriate review or search is undertaken by the NC and/or an independent third party if necessary, to facilitate informed decision-making and would consider utilising independent sources to identify suitably qualified candidates when necessary, to ensure the recommended candidates could meet the expectation and gain support from the stakeholders.</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 5.7

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 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 in the Annual Report 2022 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 ("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

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	:	<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. The remaining members of the NC are also Independent Non-Executive Directors.</p> <p>The Chairman of the NC assumes the following responsibilities:</p> <ul style="list-style-type: none"> (a) conduct the NC meetings and report to the Board on matters deliberated and recommended by the NC; (b) leading in succession planning and appointment of board members, including the future Chairman and CEO; and (c) leading the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed. <p>The profile of the members of the NC can be viewed in the Annual Report 2022 and the Terms of Reference of the NC is published 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

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	:	<p>The Board acknowledges that gender diversity is one of the key attributes to an effective and balanced board and is committed to having female representation on the Board.</p> <p>As at the date of issuance of this Report, the Company has one (1) female director, Madam Ong Poh Lin Abdullah being appointed on the Board and one female member in the Key Senior Management position, being the Financial Controller of the Group.</p> <p>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.</p> <p>The Nomination Committee will also take steps to identify suitable female candidates, subject to appropriate due diligence on the candidate's compatibility, competency, character, time commitment, integrity and experience.</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	:	
Timeframe	:	

Intended Outcome

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

Practice 5.10

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board has yet to establish a formal Gender Diversity Policy for the Board and senior management.	
		The Board practices non-gender discrimination and endeavours to promote workplace diversity and supports the representation of women in the composition of the Board and senior management positions of the Company.	
<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	: <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 evaluation of the various Board Committees and each individual Director’s contribution to the Board performance.</p> <p>As disclosed 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 Directors after the end of each financial year. The completed assessment forms were then be collated by the Company Secretary and the summary of the assessment results for the respective evaluation were tabled to the NC for review and deliberation during the NC meeting. The NC will then review and assess the adequacy of the Board’s composition, effectiveness of the Board and Board Committees and Individual Director’s performance through the summaries and make the necessary recommendation to the Board.</p> <p>The assessment criteria of the Board and Board Committees include, among others, Board mix and composition, quality of information and decision making, Boardroom activities, Board’s relationship with the Management and Board Committee’s performance evaluation. For individual Director self/peer evaluation, the criteria of the assessment cover three (3) main areas, which include fit and proper, contribution and performance, and calibre and personality.</p> <p>Based on the performance evaluation conducted for the FYE 31 December 2022, the NC and the Board were satisfied with the overall performance of the individual Directors, respective Board Committees and the Board as a whole, as well as the level of independence demonstrated by the Independent Directors throughout the financial year under review, their ability to exercise objective judgement and act in the best interest of the Company.</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 level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee ("RC") is responsible for determining, reviewing and proposing the remuneration of the Executive and Non-Executive Directors of the Company, CEO who is not a Director of the Company and Key Senior Management of the Company to the Board on an on-going basis, to ensure the same is appropriately reflective of the experience, the level of responsibilities and contributions of the respective Directors and Key Senior Management.</p> <p>Broadly, the policy for determining the remuneration for Executive Director is based on their skills, performance and experience. In contrast, the knowledge and level of responsibility assumed are used to determine the remuneration for Non-Executive Directors. The RC also considers 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 endorsement and/or approval. Procedurally, each Director shall abstain from 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 each Directors of the Company shall be reviewed by the RC and endorsed by the Board to be recommended for the approval by the shareholders at the Company's AGM in accordance with Section 230 of the Companies Act 2016.</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</p>

	Director is reviewed annually, taking into consideration of the individual and Company's performance.	
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 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	:	<p>The Board has set up a Remuneration Committee ("RC") comprising three (3) members, all of whom are Independent Non-Executive Directors, namely Mr Choong Mun Kit, Mejar Dato' Ismail Bin Ahmad and Madam Ong Poh Lin Abdullah.</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 Key Senior Management, 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, which would enable the Company to attract and retain its Directors and Key Senior Management. The RC's approach is in line with the Company's overall philosophy that all employees should be appropriately rewarded.</p> <p>The RC is also authorised by the Board to establish and maintain a formal and transparent procedure for assessing and recommending the remuneration package of individual Directors to the Board for endorsement and/or approval. 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. Each Director shall abstain from deliberations and voting on their own remuneration.</p> <p>The RC met once during the FYE 31 December 2022, to review and recommend the following matters to the Board for endorsement and/or approval:-</p> <ul style="list-style-type: none">(a) Payment of Directors' Fees to Non-Executive Directors;(b) Payment of Directors' Benefits to Executive and Non-Executive Directors;(c) Remuneration package of the Executive Director; and(d) Remuneration package of the Chief Executive Officer.

	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 available for reference 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 who served the Board during the FYE 31 December 2022 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	Non-Executive Non-Independent Director	120	7	0	0	0	0	127	120	7	0	0	0	0	127
2	Mak Siew Wei	Executive Director	0	0	180	0	0	23	203	0	0	360	0	0	46	406
3	Mejar Dato' Ismail Bin Ahmad	Independent Director	36	7	0	0	0	0	43	36	7	0	0	0	0	43
4	Dato' Kang Chez Chiang <i>(resigned on 31 October 2022)</i>	Independent Director	30	6	0	0	0	0	36	30	6	0	0	0	0	36
5	Choong Mun Kit	Independent Director	36	7	0	0	0	0	43	36	7	15	0	0	0	58
6	Kang Teik Yih	Independent Director	60	7	0	0	0	0	67	60	7	0	0	0	0	67
7	Ong Poh Lin Abdullah <i>(appointed on 17 October 2022)</i>	Independent Director	7	1	0	0	0	0	8	7	1	0	0	0	0	8

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>The remuneration of the top five (5) senior management of the Company is disclosed in bands of RM50,000 without named basis under the Corporate Governance Overview Statement of the Annual Report 2022. Stakeholders 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 detailed remuneration components (salary, bonus, benefits-in-kind and other emoluments) would not be in the best interest of the Company and the individuals, due to confidentiality and security reasons. However, the Board will ensure that the remuneration of the senior management is fair and commensurate with the performance of the Group and the contribution made by the senior management, 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 fell within the respective bands has been disclosed in bands of RM50,000 in the Corporate Governance Overview Statement of the Annual Report 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.	

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit Committee ("AC"), Mr Kang Teik Yih, is not the Chairman of the Board during his tenure of being the Chairman of the AC, 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 of the Annual Report 2022.	
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 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. The Board and AC will observe the cooling-off period of at least three (3) years before a former key audit partner of the Company's External Auditors could be considered for the appointment as a member of the AC, if any, 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.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ("AC") of the Company maintains a transparent and professional arrangement in dealing with the Group's External Auditors. The AC is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of External Auditors, as well as review and evaluate factors relating to the independence of the 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 provided by the External Auditors, as well as the terms of engagement provided by the External Auditors, before recommending the same together with the proposed audit fees 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">i) the compliance of the audit firms and partners with the regulatory requirements;ii) the adequacy of the experience and resources of the audit team;iii) their ability to meet deadlines and respond to issues promptly;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

	<p>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.</p> <p>For the FYE 31 December 2022, the AC had one (1) private session with the External Auditors without the presence of the Executive Director and Management.</p> <p>The External Auditors, Messrs UHY has also provided their independent declaration to the AC and the Board before and after the finalisation of the Group’s statutory audit, confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements.</p> <p>The AC, having assessed the suitability and independence of the External Auditors and reviewed the level of non-audit services rendered by them for the FYE 31 December 2022, was satisfied with the External Auditors’ performance, technical competence, suitability and independence and has therefore, recommended the re-appointment of Messrs UHY as External Auditors of the Company and the Group for the ensuing year to the Board for its recommendation for the shareholders’ approval at the 19th AGM of the Company.</p>
<p>Explanation for departure :</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>Measure :</p>	
<p>Timeframe :</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.

Application	:	Adopted
Explanation on adoption of the practice	:	As of FYE 31 December 2022, 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 – Mejar Dato' Ismail Bin Ahmad (c) Member – Madam Ong Poh Lin Abdullah (<i>appointed on 17 October 2022</i>) (d) Member – Dato' Kang Chez Chiang (<i>ceased office on 31 October 2022</i>)

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>Collectively, the members of the Audit Committee (“AC”) 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 in accordance with the Terms of Reference of the AC.</p> <p>The qualification and experience of each individual AC members are disclosed in the Directors’ Profile of the Annual Report 2022.</p> <p>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. The summary of the training programmes, conferences and seminars attended by the respective AC members during the financial year under review is set out in the Corporate Governance Overview Statement of the Annual Report 2022.</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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its overall responsibility in maintaining the Group's sound system of internal control and risk management practices. However, it should be noted that such system is designed to manage rather than eliminate the risk of failure to achieve business objectives and could only provide reasonable but not absolute assurance against material misstatements, errors, frauds 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 in on-going basis. 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 set up a Risk Management Committee ("RMC") to identify, evaluate and monitor significant risks the Group faces. The RMC is also responsible for developing risk mitigation strategies and plans, as well as monitoring the implementation of such strategies and plans.</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 system is operating adequately and effectively in all material aspects. Subsequent to the discovery of the fraud in Indonesia's subsidiary in 2021, Management has strengthened the internal controls on the deficiencies reported by the Forensic Auditors and Internal Auditors.</p> <p>The Board is of the view that the overall risk management and internal control in place for the financial year under review up to the date of</p>

	<p>issuance of this Report is operating adequately and effectively in all material aspects, for the purpose of safeguarding the Group’s assets as well as shareholders’ investments and the interests of employees and other stakeholders.</p> <p>Further details and information on the Group’s risk management and internal control are set out in the Statement on Risk Management and Internal Control of the Annual Report 2022.</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

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 Board engages the service of an established consulting company specialised in internal audit services, namely IA Essential Sdn Bhd ("IA Essential") to undertake the duties and responsibilities of the Internal Auditors of the Group and of the Company.</p> <p>IA Essential is entrusted to review a wide range of areas pertaining to the business and operation of the Group, as well as the internal control framework of the Group with the objective to assist the Audit Committee ("AC") in ensuring the adequacy and effectiveness of the Group's internal control system, so as to identify any areas of improvement in internal controls, to improve the adequacy and robustness of the internal control functions of the Group.</p> <p>The Internal Auditors assumes the internal audit function of the Group and report functionally to the AC. Its function is independent of the activities or operations of other operating units and have unrestricted access to the AC. The Internal Auditors are invited to attend the AC meetings to facilitate the deliberation of internal audit reports.</p> <p>The AC reviews internal control issues identified by the Internal Auditors and Management. In the reviewing process, the AC also evaluates the adequacy and effectiveness of the Group's risk management and internal control system. The Group is progressively developing and enhancing its Group's 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 set out in the Statement on Risk Management and Internal Control of the Annual Report 2022. The aforesaid Statement has been reviewed by the External Auditors in accordance with Rule 15.23 of the ACE LR of Bursa Securities.</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 Group has outsourced its internal audit function to IA Essential Sdn Bhd, an independent consulting company specialised in internal audit services which is not involved in the operations of the Group.</p> <p>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. The AC reviews the adequacy of the scope, functions, competency and resources of the internal audit function to ensure that it is adequately resourced with competent and proficient internal auditors.</p> <p>The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care. The Internal Auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the Group's framework in designing, implementing and monitoring its internal control system. Functionally, the Internal Auditors report directly to the AC to ensure their independence. Its function is independent of the activities or operations of other operating units and have unrestricted access to the AC.</p> <p>The AC assessed the overall adequacy and effectiveness of the system of internal controls of the Group and reports to the Board, in particular, the matters relating to significant risks and the necessary recommendations for changes. The AC had also reviewed and approved the internal audit plan for each financial year, entailing the scope of work and audit coverage 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</p>

	<p>under review, the Internal Auditor conducted an internal audit review on management control in Fulfilment and Call Centre Operations functions of Angkara Setia Development Sdn Bhd, a wholly-owned subsidiary of the Company operating in Malaysia. In addition, they had also performed a follow-up review on Management’s status of implementation of action plan in respect of the previously reported audit findings of on PT CLS System, the wholly-owned subsidiary operating in Jakarta, Indonesia in 2021 Internal Audit report. Based on the Internal Auditors’ review, Management had identified the further actions for tightening the control lapses noted in the reviewed areas, with majority of the issues being addressed and resolved.</p> <p>The details of the Group’s internal audit functions are set out in the Audit Committee Statement and Statement on Risk Management and Internal Control in the Annual Report 2022.</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 Group has outsourced its internal audit function to IA Essential Sdn Bhd (“IA Essential”), an independent consulting company specialised in internal audit services which is not involved in the operations of the Group.</p> <p>For FYE 31 December 2022, the IA Essential engagement team personnel have affirmed to the AC that in relation to the Company or the Group, they are free from any relationships or conflicts of interest, which could impair their objectivity and independency of the internal audit function, and does not have any direct operational responsibility or authority over any of the activities audited. As such, the AC is of the opinion that the internal audit function is effective and is able to function independently.</p> <p>The internal audit function is headed by Mr Chong Kian Soon (“Mr Chong”), the Director of IA Essential, overseeing the assignment carried out by a manager and two seniors. Mr Chong 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 function is independent and performs audit assignments with impartiality, proficiency and due professional care. IA Essential carries out their review procedures in accordance with the applicable standards of the International Professional Practices Framework as adopted and recommended by The Institute of Internal Auditors Malaysia, covering the conduct of the audit planning, execution, documentation, communication of findings and consultation with key stakeholders on the audit concerns.</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 Company, through timely dissemination of material information and the various announcements made to Bursa Securities and publication on the Company's websites, communicates and keeps stakeholders informed of all material developments and 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 also leverages on information technology for public's ease of access and convenience in communication with stakeholders. The Company's website at http://www.aim-net.com.my incorporates an Investor Relations section that provides all governance related announcements and information with regards to the Company as well as its Annual Reports. Shareholders are encouraged to access the Company's website as well as Bursa Securities' website at www.bursamalaysia.com 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> <p>The Company's General Meetings, i.e. AGM or Extraordinary General Meeting ("EGM") serve as the principal forum that provides the Board a direct channel of communication to engage dialogue and direct interactions with shareholders. Shareholders are encouraged to participate in the questions and answers session, to pose questions regarding the resolutions being proposed at the meeting and matters relating to the Group's businesses and affairs during the meeting. They will also be allowed to seek more information or clarification from the Board and Key Senior Management team on the proposed resolutions. The External Auditors of the Company will also be present at the AGM to provide their professional and independent clarification on any issues and concerns raised by the shareholders.</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 12.2

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 Notice of the 18th AGM of the Company was circulated to the shareholders and published on a nationally circulated newspaper on 28 April 2022, i.e. at least 28 days prior to the 18th AGM which was held on 23 June 2022. This also complies with the 21 days' notice requirement under the Companies Act 2016. This is to ensure that shareholders were given ample time to read through the Annual Report and consider the resolutions to be resolved.</p> <p>In addition to the explanatory notes to the ordinary and special business as set out in the Notice of the 18th 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>
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>To ensure the safety, health and well-being of shareholders and employees amidst of the Covid-19 pandemic, the Company had conducted all its General Meetings virtually via Online Meeting Platform operated or hosted by the relevant service providers in Malaysia throughout the financial year.</p> <p>The 18th AGM and EGM of the Company were conducted on virtual basis through live streaming to enable shareholders to participate through Remote Participation and Voting (“RPV”) facilities.</p> <p>All Directors of the Company at that time being were present at the respective General Meetings to engage directly with shareholders and to respond to any questions raised by the shareholders that fall under the purview of the relevant Board Committees or Board.</p> <p>The Chairman of the Meeting ensured that sufficient opportunities are given to shareholders and proxies to raise questions relating to the affairs of the Company and that adequate responses were given.</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>To ensure the safety and health of shareholders and employees during the Covid-19 pandemic, 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 18th AGM and EGM on virtual basis, to facilitate the shareholders to participate at the General Meetings remotely. All resolutions set out in the respective Notice of the 18th AGM and EGM were put to vote electronically (e-voting) by way of poll.</p> <p>The General Meetings that were conducted virtually provided an opportunity for shareholders to participate remotely at the meeting and pose relevant questions to the Board and senior management via real time submission of typed texts. Nonetheless, the shareholders are still entitled to appoint proxy/proxies to participate and vote on their behalf in their absence at the virtual General Meetings.</p> <p>The entire proceeding and poll voting of all General Meetings were held using the RPV facilities via Online Meeting Platform operated or hosted by the relevant service providers in Malaysia, with the electronic polling administration procedures being deployed, and the poll results of each General Meetings were verified by an independent scrutineer appointed by the Company.</p> <p>The Administrative Guide with detailed registration and voting procedures together with the Notice of the respective General Meetings and the proxy form in respect thereto were circulated to the shareholders in timely manner. The aforesaid documents were also uploaded or published on the Company's website for ease of access by the public.</p>

	The virtual meeting host ensured the security of the system by protecting data privacy and preventing cyber threats. The Company also acknowledges the need to continuously improve its monitoring and control of cyber threats through effective security measures and protocols.	
Explanation for departure	:	Please provide an explanation for the departure.
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	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.

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company’s AGM and EGM provides an avenue and a direct channel of communication with shareholders.</p> <p>Shareholders are encouraged to participate in the questions and answers session thereof of all the General Meetings. They will be allowed to raise questions or seek more information or clarification from the Board and Key Senior Management team on the proposed resolutions during the meeting.</p> <p>The Chairman of the Board or the Meeting will ensure that sufficient opportunities are given to shareholders and proxies to raise questions relating to the affairs of the Company and that the Board and the senior management team will endeavour to answer as many questions as possible, if any, raised by the shareholders with concise and adequate responses.</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 13.5

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 Company has leveraged information technology in conducting all its General Meetings during the financial year on virtual basis, to encourage and facilitate the shareholders to participate at the General Meetings remotely and the voting of all the resolutions tabled at the respective General Meetings were carried out electronically (e-voting) by way of poll and the votes casted were validated by an independent scrutineer appointed by the Company.</p> <p>The General Meetings that were conducted virtually provided an opportunity for shareholders to participate remotely at the meeting and pose relevant questions to the Chairman and the Board via real time submission of typed texts during the General Meeting thereat. The Chairman of the Meeting ensured that sufficient opportunities are given to shareholders and proxies to raise questions relating to the affairs of the Company and that adequate responses were given before the resolutions were tabled.</p> <p>The Administrative Guide with detailed registration and voting procedures together with the Notice of the respective General Meetings and the proxy form in respect thereto were circulated to the shareholders in timely manner. The aforesaid documents were also uploaded or published on the Company's website for ease of access by the public.</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>

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 Company uploaded the minutes of all General Meetings held during the financial year under review no later than 30 business days after the respective General Meeting on the Company's website at http://www.aim-net.com.my .
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

**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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