

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7062
COMPANY NAME : KHIND HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2023

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 of Directors ("the Board") of Khind Holdings Berhad ("KHIND" or "the Company") recognises the importance of having good corporate governance throughout the Company and its subsidiaries ("the Group") as a fundamental process of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.</p> <p>The duties, powers and functions of the Board are governed by the Constitution of the Company, the Companies Act 2016 ("the Act"), Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other regulatory guidelines and requirements that are in force.</p> <p>Specific powers are delegated by the Board to the Board Committees and Group Chief Executive Officer ("Group CEO"). The Board Committees that have been established to assist the Board in discharging its duties are the Audit Committee ("AC"), Nomination and Remuneration Committee ("NRC") and Risk Management Committee ("RMC").</p> <p>The key responsibilities of the Board are stated in the Board Charter.</p> <p>In building a sustainable growth of the business, the Board is committed to maintaining high standards of corporate governance in line with the core values of the Group:</p> <ul style="list-style-type: none">i) Move Faster;ii) Empower;iii) I am Responsible;iv) Consumer-centric; andv) Your challenge is my challenge.

These are core values that are abbreviated to “MERCY”. These values are disseminated to employees and continuously reinforced throughout their tenure of service with the Group.

The Board’s principal role is overseeing the overall strategic direction, development and control of the Group in an effective and responsible manner. The Board is responsible for the overall corporate governance, leading and directing the Group towards its strategic goals and monitoring the adequacy and integrity of the Group’s internal control system. In discharging its stewardship, the Board is constantly mindful of safeguarding the interests of all stakeholders.

The Board reviews and monitors the performance of the Group and business strategies at board meetings through briefings, updates and reports from the Executive Director, Group CEO and Senior Management team.

The Board met five (5) times in 2023 with one (1) special meeting prior to the start of the new financial year, to review and discuss the annual budget and strategic business plans presented by Management, before approval for execution. The subsidiaries prepare comprehensive budgets that roll up into an annual budget that is approved by the Board prior to the commencement of a new financial year and performs monthly monitoring, review of financial results, forecasts for all businesses within the Group. Actual results are then compared with budgeted results. Any significant matters would be brought to the Board’s attention at the quarterly board meetings. The Management team has monthly business management meetings to review and monitor financial results and forecasts of all business units within the Group. A business review is carried out half yearly to review the business performance, address potential issues and deliberate on current issues faced.

The Board is responsible for maintaining a sound and effective risk management and internal control system for the Group, and for reviewing the adequacy and integrity of these systems to safeguard shareholders’ investment and the Group’s assets. However, there are limitations inherent in any system of risk management and internal control, in that such systems are designed to manage, rather than eliminate, the risk of failure to achieve the policies and business objectives of the Group. Accordingly, these systems can only provide reasonable, and not absolute, assurance against material misstatement, losses, fraud or breaches of laws or regulations.

The RMC comprises exclusively Independent Directors and chaired by Mr Wong Lup Hang, to oversee the effectiveness of the Group’s risk management framework, policies, and processes as well as its risk management activities and initiatives.

	<p>The Board is assisted by the NRC to ensure the remuneration packages are determined on the basis of Executive Director and Senior Management’s merit, qualification and competence, having regard to the Company’s operating results, individual performance and comparable market statistics.</p> <p>The AC has been entrusted by the Board to ensure the Group’s financial and non-financial reporting present a true and fair view of its state of affairs. The AC meets every quarter to review the unaudited quarterly financial results.</p> <p>The Board communicates and interacts with shareholders and stakeholders via various platforms such as the Company’s Annual General Meeting (“AGM”), media interviews, road shows, announcements to Bursa Securities and other social media. The Company’s website, http://www.khind.com.my also provides relevant information for investors and other stakeholders.</p> <p>The financial statements for the financial year ended 31 December 2023 (“FYE2023”) have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.</p> <p>In preparing the financial statements, the Board has:-</p> <ul style="list-style-type: none"> • adopted suitable accounting policies and applied them consistently; • made judgments and estimates that are reasonable and prudent; • ensured applicable accounting standards have been followed; and • prepared the financial statements on a going concern basis.
<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>The Chairman carries out a leadership role in conduct of the Board and its relations with the shareholders and stakeholders. The roles of the Chairman, amongst others, are as follows:</p> <ul style="list-style-type: none">(a) leading the Board in setting its values, ethical standards and good corporate governance practices in the Group;(b) developing corporate strategies;(c) attaining long-term growth objectives of the Group;(d) mentoring the Group CEO;(e) leading Board discussions, encourage active participation and allowing dissenting views to be freely expressed;(f) setting the agenda for Board Meetings with assistance of the Company Secretary and ensuring all relevant issues for the effective running of the Company's business are on the agenda;(g) managing the interface between Board and Management;(h) ensuring proper flow of information to the Board, reviewing adequacy and timing of documentary materials in support of Management's proposal and review of performance of the Company and/or Group;(i) ensuring effective communication with shareholders and relevant stakeholders;(j) ensuring compliance with all relevant regulations and legislations; and(k) presiding over the Board and general meetings of the Company. <p>The Chairman ensures that all Directors are properly briefed on issues arising at Board meetings and sufficient time is allowed for discussions.</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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and Group CEO are held by two different individuals.</p> <p>The Executive Chairman, Mr Cheng Ping Keat, is responsible for leading the Board in setting its values, ethical standards and good corporate governance practices in the Company while the Group CEO, Mr Adil Jimmy Mistry, is delegated with the authority to manage the day-to-day affairs of the Company and the authority to control the affairs of the Company in relation to all matters other than those matters that are reserved for the Board in the Board Charter.</p> <p>The distinct and separate roles of the Chairman and Group CEO, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.</p> <p>The respective duties and responsibilities of the Chairman and the Group CEO are contained in the Board Charter.</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 :	Applied
Explanation on application of the practice :	Mr Cheng Ping Keat, the Executive Chairman of the Board is not a member of the AC or NRC of KHIND.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.5

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

Application	: Applied
Explanation on application of the practice	<p>The Company Secretaries play an advisory role to the Board in relation to the Constitution of the Company and compliance with the Act and MMLR of Bursa Securities.</p> <p>The Directors are regularly updated by the Company Secretaries on changes made to the relevant regulatory requirements, more particularly on areas relating to the duties and responsibilities and disclosure requirements of the Directors.</p> <p>The Company Secretaries undertake the following functions, amongst others:</p> <ul style="list-style-type: none">(a) advising the Board on its roles and responsibilities;(b) advising the Board on corporate disclosures and compliance with the Act and MMLR of Bursa Securities;(c) ensuring that Board procedures and applicable rules are observed during meetings;(d) attending and recording minutes of the Board and Board Committee meetings and facilitating communications;(e) maintaining records of the Board and Board Committees and ensuring effective management of the Company's statutory records;(f) monitoring corporate governance developments and assisting the Board in applying corporate governance practices to meet the Board's needs and stakeholders' expectations;(g) manage processes pertaining to the AGMs and general meetings; and(h) carrying out other functions as may be directed by the Board from time to time. <p>The Company Secretaries are qualified to act as secretaries under Section 235(2) of the Act.</p> <p>The Company Secretaries work closely with Management to ensure that timely and appropriate information flows to the Board and Board</p>

	<p>Committees, and between the Non-Executive Directors and Management.</p> <p>The Company Secretaries constantly keep abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through continuous training.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions.</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>All Directors have full and unrestricted access to information pertaining to the Company.</p> <p>Except in the case of emergency, the agenda for Board and Board Committees meeting, together with the meeting papers would be circulated in advance of the meetings to the Directors and Committee members. This is to ensure sufficient time is given to enable the Directors and Committee members to review and consider the agenda items to be deliberated at the Board and Board Committees meetings.</p> <p>The Board and Board Committees papers include, amongst others, quarterly financial reports, year-end financial statements of the Group, annual budget and other major operational financial and legal issues.</p> <p>Corporate plans and annual budgets, acquisitions and disposals of undertakings and properties with a substantial value, major investments and financial decisions, including key policies and procedures and delegated authority limits are subject to Board's approval. The Directors are also provided with non-financial indicators like customer service performance, safety & health compliance and market information when dealing with such matters on the agenda.</p> <p>The Senior Management team is invited to attend the Board and Board Committee meetings to present and brief the Board on matters or reports relating to their areas of responsibility, as and when required.</p> <p>The Company Secretaries ensure that deliberations at Board and Board Committee meetings are properly recorded.</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 Charter serves to ensure that all Board members are fully aware of their roles and responsibilities as Board members and the various regulations that may have an impact on the discharge of the Board's responsibilities.</p> <p>The Board Charter outlines the respective roles and responsibilities of the Board, Board Committees, individual Directors, Executive Chairman, Group CEO and as well as matters reserved for the Board, amongst others.</p> <p>The Board periodically reviews and updates the Board Charter in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities.</p> <p>The Board Charter is accessible on the Company's website at https://www.khind.com.my/corporate-governance.html</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established the Code of Conduct and Ethics. The Code of Conduct and Ethics contains corporate values, principles and guidelines for the way which KHIND aims to conduct itself in relation to its customers, shareholders, directors, employees, business partners and the communities in which it operates.</p> <p>The Code of Conduct and Ethics is available on the Company's website at https://www.khind.com.my/corporate-governance.html</p> <p>The Board reviews the Code of Conduct and Ethics periodically or as and when the need arises to ensure it is kept contemporaneous.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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 has established a Whistle-Blowing Procedures which allows whistle-blower to raise concerns for behaviour conflicting with the principles set out in the KHIND's Code of Conduct and Ethics such as non-compliance to laws and regulations, financial malpractices, etc.</p> <p>Whistle-blowing reports are addressed to the Chairman of the Board of Directors or the Chairman of the AC following the form and specific conditions as prescribed under the Policy. The Policy also affirms that the identity of the whistle-blower will be kept confidential and protection will be accorded to the whistle-blower against any form of reprisal or retribution.</p> <p>The Whistle-Blowing Procedures is available on the Company's website at https://www.khind.com.my/corporate-governance.html</p> <p>The Board together with Management, reviews the Whistle-Blowing Procedures periodically or as and when the need arises to ensure it is kept contemporaneous.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, together with the Group Leadership Team which consists of Head of Strategic Business Units ("SBUs") and Head of Departments, takes responsibility for the governance of sustainability in setting the Group's direction, strategies, priorities and targets.</p> <p>KHIND has a vision of Delivering Happiness Everyday to Stakeholders, through serving and delivering to the needs and expectations of our Shareholders, Employees, Customers, Suppliers, and the Community. The purpose is to create and deliver sustainable long-term value to our stakeholders, further to pursue profit growth and expansion in our operations.</p> <p>The Board provides stewardship to ensure the strategic plan of KHIND supports long-term value creation and includes strategies on economic, environmental and social ("EES") considerations underpinning sustainability. The Board is responsible for reviewing and adopting the corporate strategy, business plans, and directions for the Group, including those related to sustainability.</p> <p>The Board is supported by the Group CEO, who is tasked to oversee the implementation of sustainability strategies approved by the Board as well as the effective management of sustainability matters material to the Group.</p> <p>KHIND has an established Sustainability Management Working Team ("SMWT") which is led by the Group CEO and Group Financial Controller ("Group FC") to develop and implement necessary processes to embed sustainability consideration in the Group's business, including overseeing engagement with key stakeholders, identifying material sustainability matters and monitor the effective management of these material sustainability matters on an annual basis. Currently, the SMWT comprises the Group CEO, Group FC, senior representatives of the in-scope SBUs, Human Resources function and My Starfish Foundation.</p>

	The Heads of the respective SBUs and departments are responsible for performing sustainability related tasks and initiatives on a day-to-day basis. This includes implementing the management action plans agreed to reduce the risk level of the Material Sustainability Matters (“MSMs”) or impacts arising from these MSMs.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board ensures that KHIND’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders regularly via:</p> <p><u>Internal</u></p> <ul style="list-style-type: none"> • Monthly Business Management Meeting; • Half yearly Business Performance Review; • Townhall by Senior Management; • Performance Management System; • Clear and Strategic Vision & Mission Statement & Core Values; and • Employee development and engagement program. <p><u>External</u></p> <ul style="list-style-type: none"> • Annual Report; • Corporate website at www.khind.com.my; • Media release; • Customer Survey; and • Corporate social responsibility activities via My Starfish Foundation. <p>In addition, the RMC assists the Board in overseeing and monitoring effectiveness of Group’s risk management system for sustainability risk management.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is kept updated on the latest development related to the industry and business as well as the sustainability issues relevant to the Group by way of:</p> <ul style="list-style-type: none"> • Trainings, which include webinars, seminars and workshops conducted by external consultants and professionals; • In-house training on sustainability & ESG awareness by consultant. (The key training programmes attended by each Director in the FYE2023 are set out in the Corporate Governance Overview Statement of the Company's Annual Report); • Engaging a specialist or professional to review the current Sustainability Framework, to perform gap analysis and to assist in developing sustainability strategies; and • Updates and briefing by the Senior Management Team on the Group's sustainability issues including sustainability strategy and business direction on a regular basis. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Annual Assessment of the Effectiveness of the Board for FYE2023 conducted on 22 February 2024 has incorporated the evaluation on the Board’s performance in addressing the Company’s material sustainability risks and opportunities.	
		However, the Key Performance Indicators of Senior Management’s performance in addressing the Company’s material sustainability risks and opportunities have not been incorporated in the Annual Assessment evaluation conducted on 22 February 2024.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>During FYE2023, the NRC comprised the following members:</p> <ul style="list-style-type: none">• Dato' Seri Rosman Bin Mohamed – Chairman (Independent Non-Executive Director)• Mr Wong Lup Hang – Member (Independent Non-Executive Director)• Mr Tan Lee Koon – Member (Independent Non-Executive Director)• Ms Lee Li Ming – Member (Independent Non-Executive Director) <p>Mr. Wong Chin Mun resigned as a member of NRC on 26 May 2023.</p> <p>The NRC is responsible for the Board Effectiveness Evaluation (“BEE”) process. The NRC not only evaluates the performance of the Board members but also the Board Committees on an annual basis. The annual exercise involves Directors completing questionnaires covering the assessment of the Board and Board Committees’ performance, assessment of individual Directors (self and peer assessment), assessment on mix of skills and experience of Board and assessment on Independent Directors’ level of independence. The NRC reviews and assesses the summary of findings and makes recommendations to the Board.</p> <p>The BEE in respect of FYE2023 was conducted internally on 22 February 2024, facilitated by the Company Secretaries. The Directors’ responses were collated by the Company Secretaries and a summary of the findings was submitted to the NRC for deliberation.</p> <p>Based on the results of the Directors’ fit and proper assessment in accordance with Directors’ fit and proper policy and BEE conducted in respect of FYE2023, the NRC was satisfied with the performance and contribution of the Director who are seeking re-election at the Twenty-Eighth 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 5.2

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>During FYE2023, the Board had five (5) members – four (4) Independent Non-Executive Directors and one (1) Executive Chairman.</p> <p>The four (4) Independent Directors were:</p> <ul style="list-style-type: none">• Ms Lee Li Ming• Mr Wong Lup Hang• Dato’ Seri Rosman Bin Mohamed• Mr Tan Lee Koon <p>On 26 May 2023, Mr Wong Chin Mun resigned as an Independent Non-Executive Director of the Company.</p> <p>The Board has a majority of Independent Directors to ensure the balance of power and authority on the Board.</p> <p>The Independent Directors bring an external perspective, constructively challenge and develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives and monitor the risk profile of the Company’s business and the reporting of business performance.</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 5.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	There are no independent Non-Executive Directors who have served on the board for more than nine (9) years.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board consists of qualified individuals with diverse professional background, skills, extensive experience and knowledge necessary to govern the Company and the Group.</p> <p>The appointment of a new Director is a matter for consideration and decision by the Board, upon the recommendation from the NRC.</p> <p>In making these recommendations, the NRC will consider the Directors' fit and proper assessment in accordance with Directors' fit and proper policy, candidate's character, integrity, experience, competence and time commitment to effectively discharge his/her role as a Director of the Company, the core competencies that the candidate can bring to the Board and the required mix of skills needed by the Board, boardroom diversity with due regard for diversity in skills, experience, age, cultural background and gender, amongst others.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board aims to maintain a diversity of expertise, skills, competency, personalities and attributes among the Directors and the Senior Management so as to provide a comprehensive range of perspectives and experiences, resulting in improved decision making, when considering the appointment of new Director to the Board.</p> <p>The NRC may use a variety of approaches and sources to identify the most suitable candidates for board position such as recommendation from existing Board members, Senior Management, major shareholders, sourcing from directors' registry, open advertisements or engaging professional recruitment firms.</p> <p>With regards to the appointment of new Directors, the NRC will conduct an interview and carry out an assessment, including a fit and proper assessment, on the candidate. The NRC will take into consideration the criteria established by the NRC, the candidate's skills, knowledge, experience, competency, and other relevant factors which would contribute to the Board's mix of skills. If the candidate is considered for appointment as an Independent Director, an additional assessment would be conducted on his/her independence based on the requirements of the MMLR of Bursa Securities. The NRC would, thereafter, report the results of the assessment and make recommendation to the Board for approval.</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 NRC had assessed the Directors' eligibility for re-election and appointment in accordance with the Directors' fit and proper policy and considering their competencies, commitment, contribution and their ability to act in the best interest of the Company.</p> <p>The Board, at its meeting held on 22 February 2024, endorsed the recommendation of the NRC for Dato' Seri Rosman Bin Mohamed ("Dato' Seri Rosman") to be considered for re-election at the Twenty-Eighth AGM.</p> <p>Based on the BEE conducted in respect of FYE2023, the NRC is satisfied with the performance and contribution of Dato' Seri Rosman.</p> <p>Mr Tan Lee Koon had indicated that he did not wish to seek for re-election and would retire as Independent Non-Executive Director immediately upon the conclusion of the Twenty-Eighth AGM to be held on 29 May 2024.</p> <p>The NRC also looked at the tenure of the Directors and board composition to ensure that the Board has appropriate mix of skills and experience for the requirements of the business.</p> <p>Dato' Seri Rosman, who is the Independent Non-Executive Director has provided his confirmation that he fulfilled the independence criteria prescribed by the MMLR of Bursa Securities. He has also confirmed that he do not have any existing or potential conflict of interest, business, family or other special relationship within or outside of the Company that could affect the execution of his role as Director.</p> <p>The Board (save for the Retiring Director who has abstained from deliberation on discussions relating to his own re-election at the NRC and Board meetings) supports the re-election of the Dato' Seri Rosman as it believes that he has discharged his duties and responsibilities effectively, demonstrated commitment to his role and will continue to contribute towards the long-term success 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

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The NRC is chaired by Dato' Seri Rosman Bin Mohamed who is an Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board recognises the best practice by MCCG for gender diversity of at least 30% women directors in companies. The Board is mindful that any gender representation should be in the best interest of the Company.	
	:	The Board has taken active steps to close the gap on this departure as a CG focus by appointing a female director, namely Ms Lee Li Ming on 5 April 2023. With her appointment, female representation on the Board is now 20%.	
	:	The Board believes that appointment of Directors should not be solely based on gender. Merit, skills gaps on the Board, competency, character, time commitment, integrity, professionalism and experience and other criteria should also be taken into account. The Board will consider increasing female representation when a vacancy arises and/or suitable candidates are identified.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.10

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Although the Company does not have a formalised Board gender diversity policy alongside targets and measures. The Board believes in providing equal opportunity to candidate who possess the necessary skills and competencies, regardless of their race, age, ethnicity or gender.	
		The Board will consider formalising such policy, targets and measures to reflect the Company's commitment towards gender diversity.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: The NRC is responsible for the BEE process. The NRC not only evaluates the performance of the Board members but also the Board Committees on an annual basis. The annual exercise involves Directors completing questionnaires covering the assessment of the Board and Board Committees' performance, assessment of individual Directors (self and peer assessment), assessment on mix of skills and experience of Board and assessment on Independent Directors' level of independence. The NRC reviews and assesses the summary of findings and makes recommendations to the Board. The BEE in respect of FYE2023 was conducted internally on 22 February 2024, facilitated by the Company Secretaries. The Directors' responses were collated by the Company Secretaries and a summary of the findings was submitted to the NRC for deliberation.
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 of directors and senior management is guided by the Directors' and Senior Management's Remuneration Policy adopted by the Company on 15 July 2022. This Policy was later reviewed and recommended by the NRC and approved by the Board on 22 February 2024. It is available on the Company's website at https://www.khind.com.my/corporate-governance.html.</p> <p>The NRC examines and recommends to the Board the remuneration packages of the Directors and Senior Management, taking into consideration all relevant factors including the annual performance assessment by the Board members, Director's fiduciary duties, time commitments expected, Company's performance, market conditions as well as the compensation level for comparable positions among other similar Malaysian public listed companies.</p> <p>For Non-Executive Directors, the threshold for remuneration payable is determined by shareholders' resolution in accordance with the Company's Constitution and the applicable laws and shall not be exceeded except in pursuant to a resolution passed at a general meeting.</p> <p>The Chief Executives and Senior Management will be paid a sum consisting of basic salary, bonus (discretionary), other benefits and allowances based on their responsibilities, performance, qualifications, experience and geographic location.</p> <p>All Directors shall abstain from deliberations and voting on their own remuneration. Directors who are shareholders shall abstain from voting at general meetings on the resolution concerning their fees.</p>

	<p>The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board.</p> <p>Where deemed necessary, the NRC may obtain independent professional advice at the Company's expense in accordance with the procedures set out in the Board Charter.</p>	
Explanation for departure	: Please provide an explanation for the 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	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	: Choose an item.	

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>During FYE2023, the NRC comprised the following members, all of whom are Independent Directors:</p> <ul style="list-style-type: none">• Dato' Seri Rosman Bin Mohamed – Chairman• Mr Wong Lup Hang – Member• Mr Tan Lee Koon – Member• Ms Lee Li Ming – Member <p>Mr Wong Chin Mun resigned as a member of NRC on 26 May 2023.</p> <p>The Terms of Reference of NRC is accessible on the Company's website at https://www.khind.com.my/corporate-governance.html.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to 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	:	In line with the best corporate governance practice to fulfil the transparency and accountability aspects, the disclosure of the Directors' remuneration is made on a named basis. Details of remuneration of Directors of the Company for FYE2023 are as follows:

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	Mr Cheng Ping Keat	Executive Director	-	-	1,011,860	273,285	127,335	237,329	1,649,809	-	-	1,011,860	273,285	127,335	237,329	1,649,809
2	Mr Wong Chin Mun	Independent Director	40,000	7,000	-	-	-	-	47,000	40,000	7,000	-	-	-	-	47,000
3	Ms Lee Li Ming	Independent Director	72,000	4,000	-	-	3,000	-	79,000	72,000	4,000	-	-	3,000	-	79,000
4	Mr Wong Lup Hang	Independent Director	96,000	8,000	-	-	3,000	-	107,000	96,000	8,000	-	-	3,000	-	107,000
5	Dato' Seri Rosman Bin Mohamed	Independent Director	96,000	10,000	-	-	3,000	-	109,000	96,000	10,000	-	-	3,000	-	109,000
6	Mr Tan Lee Koon	Independent Director	96,000	5,000	-	-	3,000	-	104,000	96,000	5,000	-	-	3,000	-	104,000
7		Independent Director			-	-		-				-	-		-	
8	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	-	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 8.2

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 Board is of the view that recommendation of Practice 8.2 is not in the best interest of the Company and therefore, has decided to depart from the recommendation in order to preserve confidentiality, avoid negative impact arising from such disclosure and more importantly, to maintain a stable and harmonious working environment to meet the Group's long-term goals and strategies.</p> <p>As an alternative, the Group has disclosed the remuneration received by its top five Senior Management personnel in the band of RM100,000 and the number of persons in each band, as follows:</p> <table border="1"><thead><tr><th>Total Remuneration in Bands of RM100,000</th><th>No of Key Senior Management personnel</th></tr></thead><tbody><tr><td>>RM1,000,001</td><td>2</td></tr><tr><td>RM900,001 to RM1,000,000</td><td>0</td></tr><tr><td>RM800,001 to RM900,000</td><td>1</td></tr><tr><td>RM700,001 to RM800,000</td><td>0</td></tr><tr><td>RM600,001 to RM700,000</td><td>1</td></tr><tr><td>RM500,001 to RM600,000</td><td>1</td></tr><tr><td>RM400,001 to RM500,000</td><td>0</td></tr><tr><td>RM300,001 to RM400,000</td><td>0</td></tr><tr><td>Total</td><td>5</td></tr></tbody></table> <p>The aggregate remuneration (including salaries, bonus, allowances, benefits-in-kind or other emoluments) paid to the top 5 Senior Management in FYE2023 was RM4,788,956.</p> <p>The Company is of the view that above disclosure provides an indication of the remuneration paid to Senior Management.</p>	Total Remuneration in Bands of RM100,000	No of Key Senior Management personnel	>RM1,000,001	2	RM900,001 to RM1,000,000	0	RM800,001 to RM900,000	1	RM700,001 to RM800,000	0	RM600,001 to RM700,000	1	RM500,001 to RM600,000	1	RM400,001 to RM500,000	0	RM300,001 to RM400,000	0	Total	5
Total Remuneration in Bands of RM100,000	No of Key Senior Management personnel																					
>RM1,000,001	2																					
RM900,001 to RM1,000,000	0																					
RM800,001 to RM900,000	1																					
RM700,001 to RM800,000	0																					
RM600,001 to RM700,000	1																					
RM500,001 to RM600,000	1																					
RM400,001 to RM500,000	0																					
RM300,001 to RM400,000	0																					
Total	5																					

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

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 Chairperson of the AC is Ms Lee Li Ming, an Independent Non-Executive Director, while the Chairman of the Board is Mr Cheng Ping Keat.	
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	:	<p>As at to-date, the Company has not appointed any former audit partner as a member of the AC.</p> <p>The Terms of Reference of the AC states that no former partner of the external audit firm shall be appointed as a member of the AC unless he/she has observed a cooling-off period of at least three (3) years before such appointment.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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 Board has maintained an appropriate and transparent relationship with RSM Malaysia PLT, the External Auditors through the AC. In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC was guided by Paragraph 15.21 of the MMLR of Bursa Securities as well as the Terms of Reference of AC.</p> <p>The AC has been explicitly accorded the power to communicate directly with both the External Auditors. External Auditors are invited to attend the AC Meetings to facilitate the exchange of views on issues requiring the AC's attention.</p> <p>The AC assesses the External Auditors, considers the re-appointment of the External Auditors and their remuneration and makes recommendations to the Board on an annual basis. The re-appointment of External Auditors is tabled for the shareholders' approval at each AGM.</p> <p>The AC had on 22 February 2024, conducted an assessment on the suitability and independence of the External Auditors and took the following criteria into consideration, among others:-</p> <ul style="list-style-type: none">(a) quality and rigour of their audit;(b) their internal quality control procedures;(c) relationship with the Group;(d) independence (both in fact and appearance) and objectivity;(e) ability to meet deadlines and respond to issues in a timely manner;(f) effectiveness and timeliness of communicating and reporting to the Board and/or the AC;(g) level of understanding of the Group's business;(h) competency and resource adequacy; and(i) appropriateness of the proposed fees to support a quality audit. <p>Based on the assessment conducted, the AC was satisfied with RSM Malaysia PLT's competency, independence and experience. The Board,</p>

	<p>based on the recommendation of the AC, would be tabling their re-appointment at the Twenty-Eighth AGM for shareholders' approval.</p> <p>RSM Malaysia PLT has reported to the AC that, in their professional judgement, they are independent within the meaning of regulatory and professional requirements, and the objectivity of the audit engagement partner and audit staff is not impaired.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>During FYE2023, the AC comprised the following members:</p> <ul style="list-style-type: none">• Ms Lee Li Ming – Chairperson (Independent Non-Executive Director)• Mr Wong Lup Hang – Member (Independent Non-Executive Director)• Mr Tan Lee Koon – Member (Independent Non-Executive Director)• Dato' Seri Rosman Bin Mohamed – Member (Independent Non-Executive Director) <p>Mr Wong Chin Mun resigned as a Chairman of AC on 26 May 2023.</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 9.5

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>All members of the AC are financially literate and have accounting and financial qualifications.</p> <p>The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and provide oversight on the risk management framework of the Group.</p> <p>All members of AC have undertaken continuous professional development by attending talks, seminars, workshops and conferences to update and enhance their skills and knowledge to enable them to carry out their roles effectively as directors in discharging their responsibilities towards corporate governance, operational and regulatory issues. Details of their training are outlined in the Corporate Governance Overview Statement of the Company's Annual Report.</p> <p>The AC meets on scheduled basis, at least once in every quarter. The Group CEO, Key Senior Management, External Auditors and Internal Auditors attend the meetings by invitation to brief on key issues.</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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges that it is responsible for maintaining a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets. The Group adheres to Bursa Securities' Statement on Internal Control: Guideline for Directors of Listed Issuer, as guidance for compliance with these requirements.</p> <p>The Group has set up a Risk Management Framework where the risk management policy and procedures were benchmarked against the ERM – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission.</p> <p>The RMC, which comprises exclusively Independent Directors, is chaired by Mr Wong Lup Hang. The RMC is tasked by the Board to oversee and monitor the Group's risk management system & framework (the features of the framework are listed in Practice 10.2 of MCCG) and ensure the Risk Management Policy and Procedures are in place.</p> <p>Furthermore, the submission of the Group Risk Register supports the Board in monitoring and assessing management's performance in achieving business strategies and objectives.</p> <p>Further details can be found in the Statement on Risk Management and Internal Control in the Company's Annual Report.</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

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 acknowledges its responsibility for maintaining a sound system of risk management and internal control and has delegated the oversight responsibilities of these systems to the RMC. The Board on the other hand, has tasked the Management to ensure proper implementation and maintenance of the Group's risk management and internal control systems.</p> <p>The Group has put in place, an ongoing process to identify, evaluate, and manage its risks, and aligns its risk management and internal control framework and practices with the Enterprise Risk Management – Integrated Framework issued by the Committee of Sponsoring Organisation of the Treadway Commission and relevant best practices.</p> <p>The Group's Risk Management Policy and Procedures form an integral part in enabling the Group to streamline its risk management process and activities, and integrate risk management into its decision making as well as to embed risk awareness culture within the Group.</p> <p>The Group adopts a structured and systematic approach to identify, assess, manage, and monitor its risks based on the context, scope and criteria it has established. The risk management process includes the following steps:</p> <ol style="list-style-type: none">a. Identifying risk - Risks are identified at the departmental, business unit and group levels. This involves identifying the strategic, operational, financial, and compliance risks that could impede its ability to achieve its goals and objectives.b. Assessing risk – Risks identified are assessed in terms of their likelihood of occurrence and impacts taking into consideration the effectiveness of the associated internal control measures, to determine their risk ratings based on the risk severity levels and risk matrix approved by the Board. The ratings allow the

	<p>identified risks to be prioritised to ensure resources are appropriately allocated to manage the risks.</p> <p>c. Risk treatment – Risks are treated based on their respective risk severity ratings. The risk treatment process involves choosing the most appropriate option or strategy to treat a risk that is, whether to accept, avoid, share, reduce or transfer the risk. Where necessary, a risk action plan shall be implemented to further mitigate the risk to an acceptable level, in line with the Group’s risk appetite.</p> <p>d. Monitoring and reviewing risk – Risks identified together with the associated control measures are closely monitored and reviewed on an ongoing basis to ensure that they are effectively managed.</p> <p>Periodic risk assessment reviews are conducted by individual business and functional units within the Group. The results of the risk assessment review along with the corresponding risk action plans are consolidated and updated in the Group’s risk register. The updated risks and action plans are then reviewed by the Management before being presented to the RMC and Board for approval.</p> <p>Further details are contained in the Statement of Risk Management and Internal Control in the Company’s Annual Report.</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

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	:	Adopted
Explanation on adoption of the practice	:	<p>During FYE2023, the RMC comprised the following members:</p> <ul style="list-style-type: none">• Mr Wong Lup Hang – Chairman (Independent Non-Executive Director)• Ms Lee Li Ming – Member (Independent Non-Executive Director)• Mr Tan Lee Koon – Member (Independent Non-Executive Director)• Dato' Seri Rosman Bin Mohamed – Member (Independent Non-Executive Director) <p>Mr Wong Chin Mun resigned as a member of RMC on 26 May 2023.</p>

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 Board acknowledges the importance of the internal audit function and has outsourced the function to a consulting firm namely, BDO Governance Advisory Sdn Bhd, as part of its efforts in ensuring that the Group's systems of internal control are adequate and effective. The internal audit activities of the Group are carried out according to an annual internal audit plan approved by the AC.</p> <p>The internal audit function was performed by an external consultant during the year to identify and assess the principal risks and to review the adequacy and effectiveness of the internal controls of the Group. Areas for improvement were highlighted and the implementation of recommendations was monitored. The results of the internal audit assessment are reported periodically to the AC.</p> <p>The AC performs internal assessment on the internal auditors on a yearly basis to assess the adequacy of scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work. Based on the assessment conducted in respect of FYE2023 on 22 February 2024, the AC was satisfied with the results of the assessment.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	: Applied								
Explanation on application of the practice	<p>The Internal Audit Function (“IAF”) is carried out in accordance with the International Professional Practice Framework (“IPPF”) by an independent professional firm, namely BDO Governance Advisory Sdn Bhd (“BDOGA”).</p> <p>BDOGA had declared and confirmed that there is no conflict of interest with regards to their engagement and BDOGA is independent. The internal audit team from BDOGA is headed by Ms Chua Lei Ying, Executive Director of Advisory Services, who is an affiliate member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Internal Auditor Malaysia (IIA). She is supported by a strong team of 18 capable staffs to carry out the internal audit assignments.</p> <p>BDOGA adopts the BDO International IA methodology which is in compliance with The Institute of Internal Audit Malaysia’s IPPF, Code of Ethics and risk-based internal auditing guidance and reflects best practices.</p> <p>The internal audit reviews are performed based on an internal audit plan approved by the AC. Internal Audit reviews findings together with Management’s comments and action plans are presented and reviewed by the AC. Follow-up reviews will be conducted to report to the AC on the status of implementation of management action plans.</p> <p>For FYE2023, the following three (3) significant business units were identified and selected for internal audit with the AC’s concurrence: -</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Name of Business Unit</th> <th style="text-align: left;">Areas covered</th> </tr> </thead> <tbody> <tr> <td>Mayer Marketing Pte. Ltd</td> <td>Procurement to Payment Cycle</td> </tr> <tr> <td>Mayer Malaysia Sdn Bhd</td> <td>Inventory Management</td> </tr> <tr> <td>Khind Marketing (M) Sdn Bhd</td> <td>Inventory Management</td> </tr> </tbody> </table>	Name of Business Unit	Areas covered	Mayer Marketing Pte. Ltd	Procurement to Payment Cycle	Mayer Malaysia Sdn Bhd	Inventory Management	Khind Marketing (M) Sdn Bhd	Inventory Management
Name of Business Unit	Areas covered								
Mayer Marketing Pte. Ltd	Procurement to Payment Cycle								
Mayer Malaysia Sdn Bhd	Inventory Management								
Khind Marketing (M) Sdn Bhd	Inventory Management								

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

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board ensures that shareholders are presented with a clear, balanced and meaningful assessment of the Company's financial performance and prospects through the audited financial statements, annual report, quarterly announcement, AGM and the Company's website.</p> <p>The Annual Report is the main channel of communication between the Company and its shareholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the annual report are also governed by the MMLR of Bursa Securities.</p> <p>AGM is another key avenue of communication with its shareholders, which provides a useful forum for shareholders to engage directly with the Directors.</p> <p>The Board is assisted by the AC in overseeing the Group's financial reporting process to ensure accuracy, adequacy of all relevant information of disclosure and quality of the financial reporting. The quarterly results and year-end financial statements are reviewed by the AC and approved by the Board before release to Bursa Securities. The AC also assists the Board in reviewing the changes in accounting policies and standards applied by the Group.</p> <p>The Directors are responsible for ensuring that the financial statements are prepared in accordance with the provision of the Act and approved accounting standards, subject to any explanations and material departures disclosed in the notes to the financial statements.</p> <p>In maintaining the commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely, and continuing disclosures of information to its shareholders as well as to the general investing public. The practice of disclosure of</p>

	<p>information is not just established to comply with the requirements of the MMLR of Bursa Securities pertaining to continuing disclosures; it also adopts the best practices as recommended by the MCCG with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis.</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 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>Notice of the Twenty-Seventh AGM was served to the shareholders on 26 April 2023, at least twenty-eight (28) days before the Twenty-Seventh AGM.</p> <p>Notice of the Twenty-Eighth AGM is served to the shareholders on 30 April 2024, at least twenty-eight (28) days before the Twenty-Eighth AGM which will be held on 29 May 2024.</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	:	At the Twenty-Seventh AGM, all the Directors, including the Chairmen of the Board Committees, were present via TIIH Online website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC:D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd to virtually engage with the shareholders and provide meaningful responses to the questions raised. The Senior Management and External Auditors also attended virtually to respond to the shareholders' queries.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had conducted its Twenty-Seventh AGM on 26 May 2023 on fully virtual through live streaming via the online meeting platform at TIIH Online, provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781).</p> <p>The Administrative Guide which set out all the details on the online AGM was published on the Company's website to facilitate the shareholders for registering themselves to participate in fully virtual AGM. The Remote Participation and Voting ("RPV") facilities enabled the shareholders to exercise their right as members of the Company to participate and vote by login to Virtual Meeting Portal. Shareholders who were unable to attend and vote at the AGM had been encouraged to submit the proxy forms to appoint their representatives or Chairman of the Meeting to participate in the Meeting, which had allowed them to vote in absence.</p> <p>All resolutions tabled at the Twenty-Seventh AGM were voted by poll in accordance with Paragraph 8.29A of the MMLR via the RPV facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("TIIH") through its TIIH Online website at https://tiih.online.</p> <p>TIIH was appointed as the Poll Administrator to administer the polling process. Tricor Malaysia has implemented an IT policy and Information Security policy, endpoint controls, data classification for cyber hygiene practices of the staff. In addition, TIIH Online is hosted in a secure cloud platform and the data centre is certified by ISO27001.</p> <p>An independent scrutineer was appointed to validate the poll results. Voting results of the general meetings were displayed on the screen to shareholders/ proxies.</p>

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

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	<p>During the Twenty-Seventh AGM, the Chairman, Mr Cheng Ping Keat briefed the shareholders, corporate representatives and proxies virtually on the flow of the meeting and ensure that the general meeting was conducted effectively.</p> <p>The Board and Management addressed the questions submitted by shareholders electronically in advance of the Twenty-Seventh AGM via TIIH Online website at https://tiih.online and also the questions posed by shareholders during the Twenty-Seventh AGM via real time submission of typed texts in the query box during the Question & Answer session conducted after dealing with the agenda items.</p> <p>The Chairman further ensured that sufficient time was allocated to address the questions raised.</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.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Twenty-Seventh AGM held on 26 May 2023 was conducted by leveraging on technology, holding the AGM virtually in its entirety via RPV facilities. The fully virtual AGM was streamed on Tricor’s website for shareholders to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely. The detailed procedures to participate the meeting remotely were provided to the shareholders in the Administrative Details of the AGM sent through email or by ordinary post and the same were also published in the Company’s website.</p> <p>The Chairman, Group CEO, Group FC, Company Secretary, Board members, Senior Management and Shareholders attended the Twenty-Seventh AGM virtually which was streamed on Tricor’s TIIH Online website at https://tiih.online or https://tiih.com.my. The Chairman and the Group CEO read the questions (which were also made visible) posed by the shareholders and answered the questions accordingly.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	The minutes of the Twenty-Seventh AGM of the Company held on 26 May 2023 were circulated to the shareholders within 30 business days after the Twenty-Seventh AGM of the Company. The minutes of the Twenty-Seventh AGM of the Company are available on the Company's website at https://www.khind.com.my/agm.html .
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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