

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7229
COMPANY NAME : FAVELLE FAVCO BERHAD
FINANCIAL YEAR : December 31, 2025

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 PERSUANT 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	:	The duties and responsibilities of the Board are set out in the Board Charter and the respective committees' Terms of Reference, which are available on the Company's website on www.favellefavco.com . The key features of the same are elaborated in the Corporate Governance Overview Statement (" CG Overview Statement ") – section "Principle A: Board Leadership and Effectiveness" set out in the Annual Report 2025.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	Dato' Sri Khazali bin Haji Ahmad, the Senior Independent Non-Executive Chairman, leads and manages the Board. Further details on the role and responsibilities of the Chairman are set out in the Board Charter, which is available on the Company's website.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 Chairman of the Company is Dato' Sri Khazali bin Haji Ahmad, while Mac Chung Hui is the Managing Director / CEO.</p> <p>The roles and responsibility of the Chairman and Managing Director are spelt out in the Board Charter to ensure appropriate balance of power and authority.</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	: During the year under review, the Chairman of the Board, Dato' Sri Khazali bin Haji Ahmad, was a member of the Audit Committee ("AC") and Chairman of the Nominating Committee ("NC") and Remuneration Committee ("RC"). The AC, NC and RC consist exclusively of Independent Non-Executive Directors; the Board Chairman did not dominate any of the discussion at the AC, NC and RC level, and the unanimous decisions made by these committees are tabled as recommendations to the Board for further deliberation before decisions are made by the Board. Hence, we believe that the Board's objectivity in receiving or assessing these committees' reports has not been diminished in any way; instead, these committees have greatly benefited from Dato' Sri Khazali bin Haji Ahmad's input.
	: Alternatively, if additional Independent Non-Executive Director to be appointed on the Board, the Board will review the number compositions of all committees and consider reshuffling the members of the committees.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: The Board will continuously review if additional Independent Non-Executive Director to be appointed on the Board.
Timeframe	: Others
	: When suitable candidates is identified

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 three (3) qualified Company Secretaries, all of whom are members of relevant professional bodies and are qualified to act as Company Secretaries.</p> <p>Further details on the role and responsibilities of the Company Secretaries are set out in the CG Overview Statement under the section on "Company Secretaries" in the Annual Report 2025, as well as in the Board Charter, which is available 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

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>Due notice, together with the agenda and meeting materials, is provided to the Directors in advance of each Board and Board committee meetings. The minutes of meetings are circulated in a timely manner.</p> <p>Further details are set in the CG Overview Statement under the section "Access to Information and Advice" in the Annual Report 2025, as well as in the Board Charter, which is available 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

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has adopted a Board Charter, which serves as a source reference and primary induction literature, providing insights to existing and prospective Board members to assist the Board in the performance of their fiduciary duties as Directors of the Company. The Board Chartered is periodically reviewed by the Board and updated as and when necessary.</p> <p>Further details are set out in the Board Charter, which is available on the Company's website.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Code of Ethics, Business Practice and Conduct, as well as the Anti-Bribery and Corruption Policy, are applicable across the Group, including all employees and directors. Both documents are available on the Company's website.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	The Board has adopted a Whistleblowing Policy to provide an avenues for stakeholders of the Company to raise legitimate concerns relating to potential breaches of business conduct, non-compliance with legal and regulatory requirements, as well as other malpractices. The Whistleblowing Policy is available on the Company’s website.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 Group’s Risk Management Committee (“RMC”), chaired by the Managing Director and comprising Executive Directors and Senior Management, supports the Board in overseeing the Group’s sustainability initiatives and ensuring alignment with its long-term business strategy.</p> <p>The Board provides strategic oversight on sustainability, while the RMC tracks, implements and reports on sustainability initiatives across the Group</p> <p>The Group’s sustainability strategy is guided by environmental, social and governance (“ESG”) principles, focusing on key areas including energy and emissions, waste and pollution management, water management, occupational health and safety, labour practices, diversity and talent management, as well as corporate governance, risk management and compliance.</p> <p>For more information on the sustainability consideration, please refer to the Sustainability Statement set out in the Annual Report 2025.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has established its sustainability strategy based on four key pillars, namely Economic Growth, Good Governance, Environmental Stewardship and Social Responsibility, to ensure alignment with its business objectives and effective implementation of sustainability initiatives. The key sustainability priorities, initiatives and performance are disclosed in the Sustainability Statement.</p> <p>The Group engages with a range of key stakeholders, including shareholders and investors, regulatory agencies, clients, suppliers and sub-contractors, employees and local communities, who are impacted by or have an influence on the Group's operations.</p> <p>The Group believes that the concerns of these stakeholders are addressed and managed through various engagement channels, which are set out in the Sustainability Statement.</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 members have participated in various training programmes, seminars and forums to keep abreast of relevant developments, including corporate governance, risk management, sustainability and regulatory matters, in order to effectively discharge their duties.</p> <p>The Group has disclosed its sustainability initiatives, including those relating to energy and emissions, waste and pollution management, and climate resilience, in the Sustainability Statement set out in the Annual Report 2025.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	The Board evaluation conducted by NC on 18 November 2025 took into consideration the Board’s performance in addressing the Company’s material sustainability risks and opportunities, as well as the Board’s understanding of sustainability issues relevant to the company and its business in the discharge of its duties.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Adopted
Explanation on adoption of the practice	:	The RMC, chaired by the Managing Director, is tasked by the Board to monitor sustainability initiatives and to report on the progress of these initiatives to the Board.

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 Board through the NC, conducts an annual evaluation of the Board's structure, size and composition, including mix of skills, experience, qualities and other relevant attributes.</p> <p>Pursuant to the Company's Constitution, one-third of the Directors shall retire from office at least once every three (3) years and are eligible for re-election. The schedule of retirement by rotation is determined by the NC, and the Director's eligibility for re-election is assessed taking into account their contribution, performance and tenure of service, in line with the Practice 5.3 of the Malaysian Code on Corporate Governance.</p> <p>The Board has established a Fit and Proper Policy to ensure that retiring Directors standing for re-election are assessed for their fitness and propriety.</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 5.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board currently comprises seven (7) members of whom three (3) are Independent Directors, less than half of the Board comprises Independent Directors.	
		The Board currently comprises seven (7) members of whom four (4) are Executive Directors and three (3) are Independent Non-Executive Directors.	
		The Company complies with Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which requires at least two (2) directors or one-third (1/3) of the Board to be independent directors.	
		The Board believes that there are adequate procedures in place to ensure that Board decisions are balanced, effective and in the best interest of the Group, taking into consideration the interest of all shareholders.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will continuously review if additional Independent Non-Executive Director to be appointed on the Board.	
Timeframe	:	Others	When suitable candidates is identified

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is of the view that the independence of Independent Directors should not be assessed solely based on tenure, but also on their ability to exercise objective judgement and act in the best interests of the Company.</p> <p>As at the date of this report, none of the Independent Directors has served on the Board for more than nine (9) years. The Board will seek shareholders' approval in accordance with the Malaysian Code on Corporate Governance should any Independent Director's tenure exceed nine (9) years in the future.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter provides that the Board shall periodically review its size and composition, including Executive Directors who are also part of senior management, to ensure an appropriate balance of skills, experience and diversity, including business, technical, financial and public service background, as well as gender diversity. Directors are required to declare their directorship in other companies and are expected to devote sufficient time to effectively discharge their roles and responsibilities.</p> <p>As part of the annual Board evaluation, the NC assesses the Directors' time commitment, particularly for those who serve on multiple boards, to ensure that they are able to devote adequate attention to the Company.</p> <p>Further details are set out in the Board Charter, which is available 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 5.6

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>Other than recommendations from the NC, which comprises members of the Board, the Company may, where appropriate, consider a variety of approaches and sources in identifying suitable candidates. These include the use of directors' registries, independent search firms as well as conducting background check through public available or paid sources to assess the suitability of candidates and to identify any potential material adverse findings.</p> <p>Dato' Sharimahton binti Mat Saleh was appointed as a Director of the Company during the financial year 2025.</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 the Board of Directors are disclosed in the Annual Report. These include details such as their age, gender, nationality, position, tenure of service, directorships in other companies, professional qualifications, work experience, any conflict of interest, as well as their shareholdings, if any.</p> <p>The Board, through the NC, undertakes an annual assessment of Directors who are due for re-election in accordance with the Company's Constitution. Based on this assessment, the Board provides its recommendation and support for the re-election of the Directors, which is set out in the explanatory notes to 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	:	The Chairman of the NC is Dato' Sri Khazali bin Haji Ahmad, the Senior Independent Non-Executive Director of the Company.	
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	:	Currently, the Board comprises two (2) female Directors, representing approximately 28.6% of the total Board composition.	
		The Board recognises the importance and benefits of gender diversity and has taken this into consideration in the recruitment and appointment of Directors. Nevertheless, the Board is of the view that the selection of candidates should be based on a range of diversity perspectives, including but not limited to gender. Due consideration is given to merit, skills, experience and the value that the candidates can contribute to the Board in making appointment decisions.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will continue to take gender diversity into consideration in future appointments and will endeavour to identify and appoint suitable female candidates to the Board.	
Timeframe	:	Others	When suitable candidate is identified

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board recognises the benefits of gender diversity and has taken this into consideration in the recruitment and appointment of Directors. Currently, the Board comprises two (2) female Directors, and the Board is comfortable with its current composition.</p> <p>Nevertheless, in ensuring effective Board composition, the Board does not set a specific target for female representation but will continue to consider suitably qualified female candidates for future appointments, where appropriate.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: This is reflected in the Terms of Reference of the NC. The assessment process and its outcomes are duly disclosed in the CG Overview Statement under the section on “Board Evaluation” in the Annual Report 2025. The Terms of Reference of the NC are also available on the Company’s website.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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	:	This is duly incorporated in the Company’s Board Charter, which is available on the Company’s website. The key features are also disclosed in the CG Overview Statement under the section on “Remuneration Committee” in the Annual Report 2025.	
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	:	This is duly incorporated in the RC’s Terms of Reference, which is available on the Company’s website. The key features are also disclosed in the CG Overview Statement under the section “Remuneration Committee” in the Annual Report 2025.	
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 details of remuneration of the Directors of the Company for the financial year ended 31 December 2025 are set out in the table overleaf.

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	Mac Chung Hui	Executive Director	48	5	576	117	0	89	835	81	5	576	117	0	92	871
2	Mac Ngan Boon @ Mac Yin Boon	Executive Director	48	5	120	0	0	0	173	64	5	120	0	0	0	189
3	Lee Poh Kwee	Executive Director	48	5	60	0	0	13	126	63	5	60	0	0	15	143
4	Mazlan bin Abdul Hamid	Executive Director	48	5	562	113	0	120	848	73	5	562	113	0	122	875
5	Dato' Sri Khazali bin Haji Ahmad	Independent Director	48	9	0	0	0	0	57	48	9	0	0	0	0	57
6	Sobri bin Abu (Retired at the conclusion of the Thirty-Third Annual General Meeting held on 26 June 2025)	Independent Director	24	4	0	0	0	3	31	34	4	0	0	0	4	42
7	Anuar bin Abd Rahman	Independent Director	48	11	0	0	0	6	65	48	11	0	0	0	6	65
8	Dato' Sharimahton binti Mat Saleh (Appointed on 26 August 2025)	Independent Director	17	6	0	0	0	2	25	17	6	0	0	0	2	25
9	Input info here		Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the view that disclosure of salaries, bonuses, benefits in-kind and other emoluments of Senior Management on a named basis may give rise to adverse implication, including dissatisfaction and potential disharmony among employees.	
		The key senior management of the Group includes the Directors of the Company, while the other key senior management within the subsidiaries have also been identified. Their respective profiles are disclosed in the Profile of Directors and Profile of Key Senior Management in the Annual Report 2025.	
		The details of the remuneration for the Company's Directors on a named basis for the financial year ended 31 December 2025 are disclosed under Practice 8.1 of this Corporate Governance Report.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The board had disclosed the top four senior management's remuneration in Practice 8.1.	
Timeframe	:	Others	Included in Practice 8.1

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 AC is Anuar bin Abd Rahman, while Chairman of the Board is Dato' Sri Khazali bin Haji Ahmad.	
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	:	The AC comprises entirely Independent Non-Executive Directors, none of whom were former key audit partners of the Company or the Group within the past three (3) 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

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>Prior to recommending the re-appointment of the external auditor to the Board, the AC conducts an assessment of the external auditor, including their suitability, objectivity and independence.</p> <p>Further details are set out in the AC's Terms of Reference, which is available 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

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The AC comprises solely Independent Non-Executive Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All member of the AC is financially literate, with each member possessing the requisite skills and experience to effectively discharge their duties. The profiles of the AC members are disclosed in the Annual Report 2025.</p> <p>All members of the AC have undertaken and will continue to undertake continuous professional development. Details of the training programmes attended during the financial year ended 31 December 2025 are disclosed in the CG Overview Statement under section “Directors’ Training” in the Annual Report 2025.</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	:	The Group has in place an effective risk management and internal control framework, details of which are disclosed in the Statement on Risk Management and Internal Control in the Annual Report 2025.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	The key features of the Group's risk management and internal control framework, as well as the conclusion of its adequacy and effectiveness, are set out in the Statement on Risk Management and Internal Control in the Annual Report 2025.	
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	:	The Group has an in-house internal audit department, which operate independently and reports directly to the AC. Further details are set up in the AC Report in the Annual Report 2025.	
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	:	The above are duly set out in the AC Report under section on “Internal Audit Function” in the Annual Report 2025.	
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	:	The Board has in place an effective Investor Relations and Shareholder Communication Policy and function to facilitate effective communication with stakeholders. Further details are set up in the CG Overview Statement under the section "Communication with Investors and Shareholders" set out in the Annual Report 2025.	
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 Company ensures that the notice for its general meetings is given to shareholders at least twenty-eight (28) days prior to the meeting, in line with best practices under the Malaysian Code on Corporate Governance.</p> <p>For the financial year ended 2025, the Notice of Thirty-Third (“33rd”) AGM held on 26 June 2025, was issued to shareholders on 29 April 2025, which was more than twenty-eight (28) days prior to the AGM.</p> <p>The forthcoming Thirty-Fourth (“34th”) AGM is scheduled to be held on 11 June 2026, and the notice thereof was issued on 29 April 2026.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All Directors attended the 33rd AGM held on 26 June 2025 except Encik Sobri bin Abu, who retired at the conclusion of the 33rd AGM.</p> <p>The Directors will endeavour to attend the forthcoming AGM to provide shareholders with the opportunities to engage directly with the Board and raise questions on the Company's performance and operations.</p> <p>Further details are set up in the CG Overview Statement under the section "Annual General Meeting" in the Annual Report 2025.</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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company has historically held its general meetings on a fully physical basis. From 2020, during the COVID-19 period, general meetings were conducted on a fully virtual basis via live streaming and remote voting until the 33rd AGM in June 2024.</p> <p>In line with the directives issued by the Securities Commission Malaysia and Bursa Malaysia Securities Berhad, requiring general meetings of public listed companies to be conducted either physically or in a hybrid mode effective 1 March 2025, the Company’s 33rd AGM held on 26 June 2025 was conducted on a fully physical basis.</p> <p>The Company is of the view that physical general meetings enhance the quality of engagement by facilitating direct interaction between the Board and shareholders, thereby providing more effective communication and participation.</p> <p>While the Company did not provide for remote shareholders’ participation, it leveraged technology to support the conduct of its general meetings, including electronic poll voting on all resolutions in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Electronic voting devices were utilised to ensure an efficient and accurate tabulation of results.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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 Chairman ensured that sufficient opportunities were provided to shareholders to raise questions relating to the affairs of the Company by allocating adequate time for the Question-and-Answer session during the AGM.</p> <p>The AGM serve as an important platform for shareholders to engage with the Board and Management on the Group’s performance and matters affecting the Company. Shareholders were given the opportunity to raise questions during the AGM; however, no questions were raised.</p> <p>All relevant information in relation to the AGM is made available 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

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	:	Not applicable – only physical general meetings were conducted in the financial year	
Explanation on application of the practice	:	Please provide an explanation on how the practice is being applied.	
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 33 rd AGM are made available on the Company's website within thirty (30) business days of after the conclusion of the AGM.
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.

Not Applicable
