

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7986
COMPANY NAME : CN ASIA CORPORATION BHD
FINANCIAL YEAR : 31 December 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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.

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| Application | : Applied |
| Explanation on application of the practice | <p>The vital responsibilities of the Board are to lead the Group towards its mission by providing entrepreneur leadership and direction as well as management oversight. The Board assumes the following responsibilities for the Group: -</p> <ul style="list-style-type: none"> i. determining strategic planning and direction of the Group; ii. overseeing the overall conduct of the Group's business; iii. identifying principal financial and non-financial risk, risk appetite and ensuring the implementation of systems to analyse, evaluate, manage and monitor risks; iv. developing succession planning for the board and senior management; v. reviewing the adequacy and integrity of the Group's internal control systems and management information systems; vi. establishing goals for management and their performance; vii. monitoring the achievement of these goals; viii. ensuring the integrity of Company's financial and non-financial reporting; and ix. ensuring that the Company has in place procedures effective communication with stakeholders. <p>There is a clear division of responsibilities between the Board members to ensure that there is a balance of power and authority as well as enhance the accountability of each member. The Board is always guided by the Board Charter of which the Board's roles, responsibilities and authorities are defined and practiced ensuring the maximisation of shareholders' value and safeguarding the stakeholders' interests including securing sustainable long-term value creation with proper social and environmental considerations. The authorisation procedures for key processes are stated in the Group's policies and procedures.</p> <p>As part of its initiative for the effective discharge of its leadership role and enhancement of accountability, the Board has delegated specific powers to the Chairman, the Executive Directors and the following</p> |

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| | <p>Board Committees: -</p> <ul style="list-style-type: none"> i. Audit Committee and Risk Management Committee ii. Nomination Committee iii. Remuneration Committee iv. Share Issuance Scheme Committee v. Investment Committee <p>The Board established the Investment Committee during the FYE 2021 to assist the Board of Directors by delegating their responsibilities to assess and review any potential investment(s) or proposal(s) of the Group with the aim to continue building the Group's business to be a sustainable business that delivers value to all its stakeholders. Once approved by the Board, the progress and execution of the plans, sustainability strategies and initiatives will be monitored and supervised by the Investment Committee which is chaired by an Executive Director.</p> <p>The powers delegated to each of the Board Committees are set out in the respective Terms of Reference as approved and regularly reviewed by the Board. These Terms of Reference are made available on the Company's website at https://www.cnasia.com</p> | |
| <p>Explanation for departure</p> | | |
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| <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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | The Board appointed Dato' Sri Zulkifli Bin Abdullah, an Independent Director, to be Chairman, who is able to ensure effective conduct and deliberate matters at Board meetings. He also provided strong leadership leading the Board's priority more objectively in driving the focus on governance and compliance, though his primary responsibility is running and leading the discussion at the Board level. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
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Intended Outcome

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

Practice 1.3

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The positions of Chairman and Executive Directors are held by three (3) distinct individuals which are in line with the recommendations of the Code. The distinct and separate roles of the Chairman and the two (2) Executive Directors promote accountability and facilitate the division of responsibilities between them. The Independent Chairman leads the Board in the oversight of management whereas the Executive Directors focuses on the day-to-day operations and management of the Group.</p> <p>YM Tengku Shamsulbhari Bin Tengku Azman Shah and Mr. Chang Chee Ching, the Executive Directors, with the assistance and support from the Key Senior Management, are responsible for managing the day-to-day operations and management of the Company and the Group, implementing the Board's policies and decisions to achieve the short term and long term objectives as well as coordinating the development and implementation of business and corporate strategies. The respective duties and responsibilities of the Chairman and Executive Directors are set out 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 | : | |
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Intended Outcome

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

Practice 1.4

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

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'.

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| Application | : | Applied | |
| Explanation on application of the practice | : | The Chairman, Dato' Sri Zulkifli Bin Abdullah, is not a member of any of the Company's Board Committees. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
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Intended Outcome

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

Practice 1.5

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is assisted by a qualified competent Company Secretary, Ms. Goh Chooi Woan, who is a member of The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and is qualified to act as Company Secretary under the Companies Act 2016. She provides sound governance advice and advocates the adoption of corporate governance best practices to the Board. The Company Secretary discharges her function with her attendance in the Board and Board Committee meetings and advises the Board on the Board's adherence of rules, policies and procedures in compliance with the relevant regulatory requirements, codes or guidance and legislations. As a practicing company secretary, she keeps abreast with the regulatory changes and corporate governance development, and had attended conferences and training programmes during the FYE 2021. The Company Secretary also ensures that there is good information flow within the Board and between the Board, Board Committees and Key Senior Management.</p> <p>The Company Secretary is also entrusted with recording the Board's deliberations, in terms of issues discussed, and the conclusions and the minutes of the previous Board and Board Committees meetings are distributed to the Board prior to the meetings for their perusal before confirmation of the minutes at the commencement of the next Board and Board Committee meetings.</p> <p>The Board has full and unlimited access to the Company Secretary who is always available to provide the Directors with the appropriate advice. The Company Secretary circulated the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefed the Board quarterly on these updates, where applicable at Board meetings. Hence, the Directors are continually updated on the Group's business and the regulatory requirements.</p> <p>Ms. Goh resigned as Company Secretary of the Company and in place thereof, Encik Mohd Zakie bin Soad is appointed as Company Secretary of the Company with effect from 31 March 2022.</p> |
| Explanation for departure | : | |

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| Measure | : | |
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Intended Outcome

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

Practice 1.6

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>All members of the Board have full and unrestricted access to any information about the Company, the advise and services of the Company Secretary, Key Senior Management and external independent professional advisers may be engaged, where necessary, with approval from the Board or the Board Committees, at the Company's expense to enable the Board to discharge their duties. The meeting materials including agenda and Board papers which are complete and accurate had been circulated to all Directors before the Board meetings to enable the Directors to obtain and access further information and clarification to be well informed of the matters before the meetings for consideration.</p> <p>The deliberations and conclusions of issues discussed in the Board and Board Committees meetings are duly recorded in the minutes. The draft of which is circulated for Board and Board Committees' review within a reasonable timeframe after the meeting.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is guided by the Board Charter which set out the roles and responsibilities of the Board, Chairman, Executive Directors and Board Committees. The Board has adopted the Board Charter, and the objectives of this Board Charter are to ensure that all Board members are aware of their duties and responsibilities as a member of the Board and that the relevant legislation and the principles and practices of good Corporate Governance are applied in discharging their duties and responsibilities.</p> <p>The Board Charter addresses, among other, the following matters:-</p> <ul style="list-style-type: none"> • Board Structure • Board Composition • Role of Board • Role of Chairman and Executive Directors • Board Meetings • Board Committees • Financial Reporting • Investor Relations and Shareholders Communication <p>The Board Charter will be reviewed periodically and updated by the Board to ensure it is kept up-to-date with changes in regulations and best practice and ensure its effectiveness and relevance to the Board's objectives and responsibilities. The Board Charter is available on the Company's website at https://www.cnasia.com.</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.

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| Application | Applied | |
| Explanation on application of the practice | <p>: The Code of Ethics and Conduct (“COE”) has been put in place for all Directors and employees of the Group as a guide in discharging their duties and responsibilities by demonstrating healthy corporate culture, good judgment transparency, fairness and honesty as well as loyalty and ethics in the conduct of its business that are aligned with best practices and applicable laws, rules and regulations.</p> <p>The COE covers the following overarching areas:</p> <ul style="list-style-type: none"> • Compliance and Observation of Laws, Rule and Regulation <ul style="list-style-type: none"> • Fair and robust competition • Protecting Confidential Information • Conflicts of Interest • Gifts, Entertainment and Corporate Hospitality • Whistleblowing Policy <p>This COE has been adopted and reviewed periodically by the Board. It is made available on the Company's website at https://www.cnasia.com.</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

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company believes that the in place of the Whistleblowing Policy will facilitate and encourage disclosure of genuine concerns about any possible violations and improprieties in matters related to financial reporting, compliances and other malpractices committed within the organization. Should any employees have information regarding the violation or improprieties, he/she should report the matter immediately to the line manager, higher management or the Board. All reports or complaints of this nature shall be treated strictly confidential unless otherwise required disclosure by the law or court order.</p> <p>The Whistleblowing Policy will be reviewed periodically by the Board to ensure it is in line with the relevant laws and legislations. It is made available on the Company's website at www.cnasia.com.</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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board together with the Management acknowledges their responsibility to ensure sustainability efforts are embedded in the strategic direction of the Group to promote sustainability in areas covering health, safety and environment (“HSE”), social and governance. The Board exercises oversight over the company’s performance with respect to sustainability practices and reporting.</p> <p>The Group maintained constant engagement with its key stakeholders and continued its effort to focus on its sustainability practices which encompass the economic, environmental and social (“EES”) matters that impact the Group’s activities.</p> <p>The Group believes that the implementation of its sustainability strategy requires a robust framework that encourage clear accountability, internal control, risk management, commitment, aligned goal setting in relation to the EES matters of the Group. CN Asia has been maintaining the sustainability effort by adopting the sustainability management structure comprising the Board of Directors, board committee and the Sustainability Working Committee (“SWC”).</p> <p>The Group continued its effort in engaging with its stakeholders through various means of communication to identify and prioritise concerns, needs and expectations of the stakeholders in relation to the Group’s sustainability performance, are disclosed in the Sustainability Statement included in the Annual Report.</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> | | |

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| 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.

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|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is ultimately responsible for ensuring that the sustainability efforts are embedded in the strategic direction of the Group and is primarily responsible for the overall sustainability programme, reviewing and approving the sustainability report of the Group. The Board has entrusted its board committee, i.e. the Audit and Risk Management Committee ("ARMC"), who are primarily responsible for providing internal control and risk management oversight to support and complement its effort in reviewing, assessing and analysing the risks and opportunities within the Group, and identifying the areas of business upon which the Group should focus its sustainable practices and sustainability reporting. The ARMC is assisted by the Sustainable Working Committee, comprising key management personnel and heads of department across the Group's organisation structure.</p> <p>The sustainability matters are managed by all heads of department with the support from all supporting staff from the respective departments within the Group. The Group's business operating units are guided by the guidelines, policies and procedures in cultivating good corporate governance, managing sustainability risks and promoting social and environmental awareness across the Group. These policies and procedures have been reviewed regularly and updated as and when applicable to ensure that they remain effective, relevant and appropriate in line with the relevant laws and regulations</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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>Mr. Chang Chee Ching, the Executive Director briefed the Board on the Company's material sustainability matters, sustainability practices and action plans.</p> <p>The Board will keep abreast and attend seminar/course/ training programmed on sustainability and climate change topics conducted by external parties.</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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has entrusted its board committee, i.e. the Audit and Risk Management Committee ("ARMC"), who are primarily responsible for providing internal control and risk management oversight to support and complement its effort in reviewing, assessing and analysing the risks and opportunities within the Group, and identifying the areas of business upon which the Group should focus its sustainable practices and sustainability reporting. The ARMC is assisted by the SWC, comprising key management personnel and heads of department across the Group's organisation structure. The sustainability matters are managed by all heads of department with the support from all supporting staff from the respective departments within the Group.</p> <p>With the establishment of the SWC headed by the executive directors and managed by key management personnel and heads of department across the Group's organisation structure, the Board is able to evaluate and review the performances of both the Board and Senior Management on their achievement in addressing the Company's material sustainability risks as well as opportunities.</p> <p>In this regard, it is to be noted that the Board has approved the material sustainability matters which are categorised into the aspects of economic, environment and social since year 2017. Furthermore, the Board is also guided by the policies and procedures in place along with the Group's Audit and Risk Management Committee and SWC to ensure that the sustainability risks are assessed and complied by the Company accordingly.</p> |
| Explanation for departure | : | |
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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| 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.

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| Application | : | Applied |
| Explanation on adoption of the practice | : | The Board has established the Sustainability Working Committee, led by Mr. Chang Chee Ching, the executive director, to focus on driving the Company's sustainability goals with proper strategy through a sustainability framework and initiatives. |

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Nominating Committee ("NC") continue to discharge their functions and to ensure that the board composition and tenure of each director are reviewed periodically. The NC also ensure that the re-election of at least one third of its directors is carried out annually and evaluation of the directors are done objectively.</p> <p>The Board recognised that the Directors' performance is used as a basis in recommending their re-election to the shareholders.</p> <p>During the FY 2021, the following Directors are subject to retirement pursuant to the Constitution of the Company at the 26th AGM of the Company to be held on 24 June 2022:</p> <p>(a) Chang Chee Ching (b)Tania Scivetti</p> <p>Chang Chee Ching and Tania Scivetti had indicated their willingness to seek for re-election at the 26th AGM of the Company to be held on 24 June 2022. The NC are of the view that the Directors had discharged their duties effectively and had provided valuable contribution to the leadership of the Group. With that, upon the recommendation of the NC, the Board resolved to recommend the re-election of abovementioned Directors at the 26th AGM 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 5.2

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | The Group's Board of Directors comprises seven (7) members of whom one (1) is Non Independent Director, four (4) are Independent Directors and two (2) are Executive Directors. The Nomination Committee is of the opinion the current Board composition has the right mix of skills and experience required by the Group | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
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Intended Outcome

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

Practice 5.3

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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | There are no Independent Directors whose tenure exceeds a cumulative term of nine (9) years in the Company. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
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Intended Outcome

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

Practice 5.4 - 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.

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| Application | : | Applied |
| Explanation on adoption of the practice | : | The Board is mindful of the recommended best practices in relation to limiting the tenure of independent director to nine (9) years and therefore has proposed some amendments to its Constitution to be approved at the forthcoming annual general meeting of the Company. Once approval is obtained, it would be in line with the recommendation of the Code. The Company will set the policy that limit the tenure of its Independent Director to a cumulative term of nine (9) years in its Board Charter. |

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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | 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. The Board has in place a set of directors' selection criteria for use in the selection and recruitment process. This set of criteria will be used as a reference by the Group's Human Resource department for the selection and recruitment of Senior Management of the Group. | |
| Explanation for departure | : | | |
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| <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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>Since the last report, there is no new appointment of director.</p> <p>The Nomination Committee is responsible for identifying, assessing and recommending to the Board suitably qualified candidates for directorship on the Board as well as members of the Board Committees.</p> <p>The Nomination Committee will assess candidate's suitability based on a set of criteria as set out in the Criteria for Selection of Directors established and approved by the Board.</p> <p>The Board does not solely rely on recommendations from existing Board members, management and major shareholders in identifying suitable candidates. It is also open to referrals from external independent sources available, such as industry and professional associations, Financial Institution Directors Education ("FIDE") Forum and independent search firms to identify suitably qualified candidates, when necessary.</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.

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|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Nomination Committee is chaired by an Independent Director. The Nomination Committee is tasked by the Board to amongst others, identify, assess and recommend to the Board suitably qualified candidates for appointment to the Board and Board Committees, re-election and re-appointment of Directors, and review the independence of Independent Directors, considering the Board's succession planning and training programmes as well as performing a formal assessment of the effectiveness of individual Directors and the annual appraisal of the Executive Directors' performance based on the selected performance criteria. In addition, the Committee is also tasked to review the required mix skills, experiences and other qualities, including core competencies of the members of the Board.</p> <p>The current Nomination Committee comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors and the members are as follows: -</p> <ul style="list-style-type: none">• Tania Scivetti (Independent Director) - Chairperson• Datuk Seri Tan Choon Hwa (Non-Independent Non-Executive Director) - Member• Nadanarajah A/L Ramalingam (Independent Director)-Member <p>The Terms of Reference of the Nomination Committee are reviewed, updated and adopted at a Board meeting held during the financial year. It is made available on the Company's website at https://www.cnasia.com.</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 Nomination Committee is chaired by Madam Tania Scivetti, 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 is supportive of the gender diversity in the boardroom as recommended by the Code. In considering Board appointment, the Board, through its Nomination Committee, provides equal opportunity to candidates who have the necessary skills, experience, commitment (including time commitment), core competencies and other qualities regardless of gender, ethnicity and age. Currently, there is one (1) female director on Board, Madam Tania Scivetti, representing 14.3% female participation on the Board. | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.10

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

| | | | |
|--|---|---|--|
| Application | : | Not Applied | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | The Board has not formalised a specific policy on female participation on the Board. Nevertheless, the Board is committed to providing fair and equal opportunities, through its Nomination Committee, in considering gender diversity to achieve the optimum composition of the Board. | |
| | | The Board, through the Nomination Committee, will continue to observe the female participation in the Board and will take steps towards formalising such policy, targets and measures to reflect company 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 | : | | |
| 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.

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.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>During the Nomination Committee meeting held during the financial year, an evaluation was carried out through a set of questionnaires with the results collated, summarised and reported to the Board by the Chairman. The Board, through the recent review and assessment of the Nomination Committee, confidently believe that the size and composition of the Board are appropriate, balance and that there is an appropriate mix of skills, experiences and expertise as well as a core competency to discharge its duties effectively.</p> <p>The current criteria for an annual assessment of Directors are outlined in the Director's Evaluation Form. The effectiveness of the Board is assessed in the areas of Board size, a mix of composition, the conduct of Board meeting, Boardroom activities and Directors' skills set matrix. The Board Committees are assessed based on their roles and scope of work, the supply of sufficient and timely information to the Board and also overall effectiveness and efficiency in discharging their duties. In the case of individual Directors, peer and self-assessment is carried out to evaluate their strategic direction, ethical and values are driven, knowledgeable, diligent, team player and personal development, such as ability to give constructive suggestions and assertive in expressing their viewpoint, provide a logical and honest opinion on issues deliberated, maintain confidentiality, demonstrate objectivity and integrity in the decision making process, understand critical issues affecting the Company, offer practical and realistic advice and demonstrate a willingness to devote adequate time and effort to the Board and Board Committees.</p> <p>In the case of Independent Directors, they are also assessed on the level of their independence and ability to defend stand through constructive deliberation where necessary. In addition, the Directors are also being evaluated on their personal development and identified their strength and weaknesses in discharging their duties and responsibility as a</p> |

| | |
|---|--|
| | <p>member of the Board as well as continuously improving themselves to keep update to counter with the ever-changing environment.</p> <p>In accordance with the Company’s Constitution, newly appointed Directors shall hold office until the next following Annual General Meeting. They shall then be eligible for re-election by shareholders in the next Annual General Meeting subsequent to their appointment. The Constitution also provides that one-third (1/3) of the Board are required to retire at every annual general meeting and be subjected to re-election by shareholders and all directors shall retire from office once every each three (3) years but shall be eligible for re-election.</p> <p>The assessment also takes into consideration on time commitment of the Board Members where the participation of the Board in each Board and Committees meetings are duly assessed and reviewed.</p> <p>The Board, through the Nomination Committee, assesses the Independent Directors annually where the evaluation took into account the individual Director’s ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.</p> <p>At the date of this report, all Directors have successfully attended the Mandatory Accreditation Programme (“MAP”) as prescribed by Bursa Securities. The Board, through the Nomination Committee, has undertaken an assessment of the training needs of each Director and the Directors will continue to undergo relevant training programmes, seminars, workshops, talks and conferences to keep abreast with new regulatory developments and relevant changes in the business environment on a continuous basis in compliance with paragraph 15.08 of the MMLR of Bursa Securities.</p> <p>The Directors are also being assessed on training programmes attended to enhance the insight of their business, improve their technical knowledge and professionalism in discharging their duties as Directors of the Company. The relevant training, briefings, seminars and conferences, covering topics on governance, risk management, accounting, general management and investor relations were circulated by the Joint Company Secretaries to the Board members for consideration in the aim to keep themselves updated on changes to the legislation and regulations affecting the Group.</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

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 Group’s Remuneration Policy and Procedure (“RPP”) sets out the procedure of determining the remunerations of directors and senior management which takes into account the demands, complexity and performance of the Group as well as skills and experience required for the position.</p> <p>The objectives of this RPP are to ensure that the directors and senior management are offered an appropriate level and composition of remuneration and other benefits by taking into account the Group’s desire to attract and retain the right talent and expertise with the aim to motivate the directors and senior management to achieve the Group’s short-term and long-term business objectives.</p> <p>The Group’s RPP is adopted and will be reviewed periodically by the Board to ensure it remains effective, consistent with the Board’s objectives and responsibilities and in line with the relevant laws and legislation. This RPP is made available on the Company’s website at www.cnasia.com.</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

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

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

Practice 7.2

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

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Remuneration Committee is responsible to recommend the remuneration at levels that are sufficient to attract and retain the managers required to run the Company successfully taking into consideration all relevant factors including the functions, workload and responsibilities involved. In establishing the remuneration packages and benefits for the Executive Directors, the Remuneration Committee has regarded the packages offered by comparable companies and may obtain independent advice, where necessary. The remuneration of the Executive Directors comprises a fixed salary and allowance approved by the Board, which is in line with the Group's performance, overall policy on compensation and benefits.</p> <p>The recommendation to the Board was made based on the results of the evaluation and review of the Committee conducted on an annual basis. The Board determines the remuneration of Executive and Non-Executive Directors. The Executive Directors are tasked to review and assess the remuneration packages of the senior management of the Group.</p> <p>During the financial year, there was one (1) Remuneration Committee meeting held to review the performance and remuneration package for Executive and Non-Executive Directors, which was attended by the majority of the committee members. The remuneration package of the Executive Directors was approved by the Board with a recommendation from the Remuneration Committee.</p> <p>The remuneration package of Non-Executive Directors will be a matter to be decided by the Board as a whole with the Directors concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration. Fees and benefits payable to the Directors are determined by the Board with the approval from shareholders at the Annual General Meeting.</p> |

| | | |
|---|--|--|
| | <p>The Remuneration Committee comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors, and the members are as follows:</p> <ul style="list-style-type: none"> • Datuk Seri Tan Choon Hwa (Non-Independent Non-Executive Director)- Chairman • Tania Scivetti (Independent Director) - Member • Low Yong Heng (Appointed w.e.f. 11 May 2021) (Independent Director) – Member <p>For the financial year ending 31 December 2022, the Group is proposing the fees payable to all the Directors of the Group, excluding the Executive Directors, details of which are set out in item 8.1 of the Corporate Governance Overview Statement on Page 43 of Annual Report 2021.</p> <p>The Remuneration Committee has written Terms of Reference which deals with its duties and authorities. This Term of Reference is adopted and periodically reviewed by the Board and is made available on the Company’s website at https://www.cnasia.com.</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

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

Practice 8.1

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

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | The detailed disclosure on named basis for the remuneration of individual directors are set out in item 8.1 of the Corporate Governance Overview Statement on Page 43 of Annual Report 2021. |

| No | Name | Directorate | Company ('000) | | | | | | | Group ('000) | | | | | | |
|----|--|--|----------------|-----------|--------|-------|------------------|------------------|-------|--------------|-----------|--------|-------|------------------|------------------|-------|
| | | | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total |
| 1 | YM Tengku Shamsulbhari Bin Tengku Azman Shah | Executive Director | - | - | - | - | 3,240 | - | 3,240 | - | - | 118 | - | 3,240 | 15 | 3,373 |
| 2 | Chang Chee Ching | Executive Director | - | - | - | - | 3,240 | - | 3,240 | - | - | 237 | - | 3,240 | 29 | 3,506 |
| 3 | Dato' Sri Zulkifli Bin Abdullah | Independent Non-Executive Director | 63 | - | - | - | - | - | 63 | 63 | - | - | - | - | - | 63 |
| 4 | Tania Scivetti | Independent Non-Executive Director | 36 | - | - | - | - | - | 36 | 36 | - | - | - | - | - | 36 |
| 5 | Low Yong Heng | Independent Non-Executive Director | 36 | - | - | - | - | - | 36 | 36 | - | - | - | - | - | 36 |
| 6 | Nadanarajah A/L Ramalingam | Independent Non-Executive Director | 36 | - | - | - | - | - | 36 | 36 | - | - | - | - | - | 36 |
| 7 | Ariffin Bin Khalid | Independent Non-Executive Director | 3 | - | - | - | - | - | 3 | 3 | - | - | - | - | - | 3 |
| 8 | Dato' Seri Tan Choon Hwa | Non-Independent Non-Executive Director | 33 | - | - | - | - | - | 33 | 33 | - | - | - | - | - | 33 |
| 9 | Chong Ying Choy | Non-Independent Non-Executive Director | 3 | - | - | - | - | - | 3 | 3 | - | - | - | - | - | 3 |

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 remuneration of the top five Senior management is disclosed in bands of RM50,000 and not on named basis as set out in Item 8.2 of the Corporate Governance Overview Statement on Page 43 of Annual Report 2021. At this juncture, the Board is of the opinion that the disclosure of the Senior Management personnel names and the various remuneration components (salaries, bonus, benefit-in-kind, other emoluments) would not be in the best interest of the Group, due to confidentiality and sensitivity of each remuneration package. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | The Group has a robust internal policy whereby the remuneration package of the senior management is reviewed annually and adjusted based on individual performance and contributions to the Group as well as the Group's overall performance excessive remuneration pay-outs are not made to Senior Management personnel in any instance | |
| Timeframe | : | Not Applicable | The Board will continuously review this practice and the appropriateness of such disclosure from time to time. |

| 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 | : | The Board believes that the measure set out in Practice 8.2 above is sufficiently transparent and enable the stakeholders to make an appreciable and reasonable link between the Senior Management's remuneration and the performance of the Group. |

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Chairman of the Audit Committee, Mr. Low Yong Heng is an Independent Director. The profile of the Chairman of Audit and Risk Management Committee is set out in the Profile of Directors of the Annual Report. | |
| 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>The Audit and Risk Management Committee comprises three (3) members, who are all Independent Directors. None of the members was a former key audit partner of the Company's external auditors.</p> <p>The Terms of Reference of Audit and Risk Management Committee provides that any former key audit partner to be appointed as a member of the Audit Committee, a cooling-off period of at least three (3) years will be observed by the Group.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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 Company maintains a transparent relationship with the external auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.</p> <p>The key features underlying the relationship between the Audit and Risk Management Committee and the external auditors are outlined in the Audit and Risk Management Committee's Terms of Reference made available on the Company's website at https://www.cnasia.com. A summary of the works of the Audit and Risk Management Committee during the financial year are set out in the Audit and Risk Management Committee Report of this Annual Report.</p> <p>The external auditors of the Company fulfil an essential role on behalf of the Company in giving an assurance to the shareholders and others, of the reliability of the financial statements of the Company. It is the obligation of the external auditors to bring to the attention of the Board, the Audit and Risk Management Committee and the Company's management any significant deficiency in the Company's systems of reporting, internal control and compliance with approved accounting standards as well as legal and regulatory requirements. The external auditors of the Company are invited to attend at least one meeting of the Audit and Risk Management Committee a year in the absence of the Executive Directors and management.</p> <p>During the FYE 2021, there was one (1) private session held in the Audit and Risk Management Committee meeting between the Audit and Risk Management Committee members, the external auditors and the external company secretary in the absence of an Independent Director, Executive Directors and Management.</p> <p>The Audit and Risk Management Committee discusses the nature and scope of the audit, reporting obligations and audit schedule with the external auditors' prior commencement of audit engagement. It is also the practice of the Audit and Risk Management Committee to respond to auditors' enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements.</p> |

| | | |
|--|---|--|
| | <p>The Audit and Risk Management Committee is empowered by the Board to review all issues in relation to the reappointment of external auditors. During the financial year under review, the performance evaluation of the external auditors was carried out by the Audit and Risk Management Committee through a set of questionnaires with the answers collated, summarised and deliberated during the Audit and Risk Management Committee meeting and recommended to the Board for reappointment of the external auditors. In the effort to further enhance the assessment of sustainability and independence of external auditors' posses with relevant experiences and skills for such appointment, the Board has reviewed the External Auditors' Assessment Policy during the financial year to ensure that the Policy is relevant and effective.</p> <p>The external auditors have confirmed to the Board that they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of relevant professional and regulatory requirements. The Board has received a written declaration from the external auditors of their independence throughout the term of their engagement in accordance with the terms of the relevant professional and regulatory requirements, including the by-laws of the MIA.</p> <p>The Terms of Reference of Audit and Risk Management Committee provides that any former key audit partner to be appointed as a member of the Audit Committee, a cooling-off period of at least three (3) years will be observed by the Group.</p> | |
| Explanation for departure : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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 | : | Applied |
| Explanation on adoption of the practice | : | All of the members are Independent Director |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Audit and Risk Management Committee comprises three (3) members, who are all Independent Directors. None of the members was a former key audit partner of the Company's external auditors.</p> <p>The members of the Audit and Risk Management Committee possess a variety of industry-specific knowledge, as well as technical and commercial experiences bring to bear objective and independent judgment in discharging their duties. The members of the Audit and Risk Management Committee are financially literate and can understand matters under the purview of the Audit and Risk Management Committee including the financial reporting processes of the Group.</p> <p>During the FYE 2021, the members of the Audit and Risk Management Committee undertook various training programmes, seminars, workshops and conferences to keep themselves updated with new regulatory developments and changes affecting the Group which is detailed in item 6.4 – Directors' Training of this 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

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 has ultimate responsibility in reviewing the Group's risks, approving the risk management framework and overseeing the Group's strategic risk management and internal control system to safeguard shareholders' investments and the Group's assets.</p> <p>The Audit and Risk Management Committee, which comprises solely of Independent Directors, assists the Board in discharging these responsibilities by overseeing and reviewing the risk management framework and the effectiveness of the risk management and internal control of the Group.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 10.2

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Group has outsourced the activities and function of the internal audit to external consultants that report administratively to the Executive Directors and functionally to the Audit and Risk Management Committee.</p> <p>Details of the Group's risk management and internal control framework including the scope of work covered by the outsourced internal audit function are provided in the Statement on Risk Management and Internal Control as set out in the Annual Report 2021.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 10.3 - Step Up

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on adoption of the practice | : | <p>The Group's Audit and Risk Management Committee ("ARMC") comprises of majority of independent directors which is in line with the provision of the Code to oversee the Group's risk management framework and policies.</p> <p>The Group's Risk Management Procedure outlines the risk management framework which consists of a combination of the core elements that define business risk assessment, namely the process of identification, assessment, treatment, implementation and reviewing of risks.</p> <p>The Management Representative of the ISO 9001:2015 QMS is responsible for the co-ordination of the risk management activities of the Group as an on-going process.</p> <p>Regular reviews, evaluation and update of the risk profile and the corresponding action plans have been reported to the Board. The Board, through the ARMC, aims to further enhance the Group's risk management practices to ensure that the Group's assets and shareholders' interest are protected, and that shareholders' value is preserved or enhanced.</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.

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|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board acknowledged that the overall responsibility in maintaining a sound risk management framework and system of internal control that provides reasonable assurance of effective and efficient operations and compliance with the internal procedures and guidelines</p> <p>The outsourced internal audit function provides the Audit and Risk Management Committee with periodic internal audit reports outlined the observations and recommendations to accomplish its goals by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.</p> <p>Regular follow-up reviews were carried out to ensure that remedial actions in respect of internal control deficiencies, as recommended in the internal audit reports, have been adequately addressed and implemented by the management. Internal audits are carried out on a risk-based approach, in line with the Group’s objectives and policies, taking into consideration input from the senior management and the Board.</p> <p>Significant findings and recommendations for improvements are highlighted to the Audit and Risk Management Committee, with periodic follow-up and reviews of action plans.</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 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.

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| Application | : Applied |
| Explanation on application of the practice | <p>The internal audit function of the Group, is outsourced to external consultants, are free from any relationship or conflicts of interest with the Group, which could impair their objectivity and independence.</p> <p>During the financial year under review, a self-assessment evaluation was carried out by the outsourced internal audit function to assess their performance, competency, resources and independence in discharging their duties of the internal audit function of the Group. Further evaluation was carried out by the Audit and Risk Management Committee on the performance of the outsourced internal audit function of the Group, and the results were reported to the Board and that the outcome of the assessment are as follows:</p> <ul style="list-style-type: none">• The outsourced internal audit team are independent and objective from the management of the Group;• The number of resources in the outsourced internal audit team is 5;• The name and qualification of the persons responsible for the audits are:-<ul style="list-style-type: none">- Tee Wei Chung – Associate Member of The Institute of Internal Auditors Malaysia (AIIA); Bachelor of Commerce (Hons) - Accounting;- Wong Tchen Cheg – MIA; CPA; Master in Finance & Account; Master in Business Administration - International Business;- Lee Chai Ling – AIIA, Bachelor of Business Administration (Hons) – Banking & Finance; and• The internal audit function is carried out in accordance with a recognised framework <p>Further evaluation was carried out by the Audit and Risk Management Committee on the performance of the outsourced internal audit function of the Group and the results were reported to the Board. The Board is satisfied that the outsourced internal audit has the necessary competency, experience, resources and independence to carry out its function effectively in discharging its duties.</p> |

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| Explanation for departure : | | |
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| <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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises the importance of effective, transparent and regular communications between the Company and its stakeholders to facilitate mutual understanding of each other's objectives and expectations. The primary modes of disseminating information on the Group's business activities, corporate activities and financial performance are the annual reports, quarterly results and any announcements on material corporate exercise(s), in particular, the various private placements, bonus issue of shares and warrants and share issuance scheme undertaken and completed by the Company during the financial year. Throughout the year 2021, the information on the various memorandum of understanding entered into between the Company with the potential partners have been constantly communicated to the Stakeholders.</p> <p>The Board has formalised its Corporate Disclosure Policy and Procedure ("CDPP") to enable comprehensive, timely, accurate and quality disclosures to the regulators, shareholders and stakeholders with the intention of giving as clear and complete information of the Group's position and financial performance as possible within the bounds of practicality and legal and regulatory framework governing the release of material and price-sensitive information. This CDPP provided a good framework for compliance with the disclosure policies under the MMLR of Bursa Securities and set out the designated persons authorised and responsible to approve, coordinate and disclose material information to shareholders and stakeholders.</p> <p>The Group maintains its corporate website at www.cnasia.com for shareholders and the public to access information relating to its businesses, financial performance, operations and corporate development through annual reports, quarterly reports, circulars and various announcements on a timely manner. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or by phone. Primary contact details are set out at the Company's website. Written communications are attended to within a reasonable time from the day of receipt.</p> |
| Explanation for departure | : | |

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| <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.

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| Application | : | Not Applicable – Company Not a Large Company | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | The Group is not a large company, however it will aim to adopt the integrated reporting in future | |
| | | The Group will take necessary approach to achieve the aim in integrated reporting | |
| <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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Board acknowledges the need for shareholders to be informed of the developments and performance of the Company and the Group. The distribution of annual reports, announcements and release of financial results on a quarterly basis provide the shareholders and the investing public with an overview of the Group's performance and operations.</p> <p>The principal forum for dialogue with shareholders remains at the Annual General Meeting. The Annual Report together with the notice of the Annual General Meeting is circulated at least twenty-eight (28) days before the meeting date to provide shareholders sufficient time to go through the Annual Report and make the necessary attendance and voting arrangement at the Annual General Meeting. Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution.</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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises that the presence of all Directors will provide opportunity for shareholders to effectively engage with the Directors and allow shareholders to ask questions and seek clarification at the AGM on the resolutions being proposed as well as the Group's business and performance.</p> <p>During the 25th AGM held on 11 May 2021 via live streaming, all Directors were present at the AGM.</p> <p>All issues of concern raised by the shareholders at the AGM were satisfactorily addressed by the Board and the Management.</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

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | In view of the Covid-19 pandemic and as part of the Company’s precautionary measures, the Company leveraged on technology by holding the 25th AGM fully via live streaming from the Broadcast Venue at the Share Registrar in Kuala Lumpur, and used Remote Participation and Voting Facilities provided by the Share Registrar. Notice of AGM together with the proxy form were sent to all shareholders to allow shareholders to vote by proxy, provided that the proxy shall have been appointed by the shareholder himself or by his duly authorized attorney or representative provided further that it is deposited at the registered office of the Company for at least 24 hours before 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 | : | |

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.

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| <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 | : | The Chairman has successfully ensured that general meetings support meaningful engagement among the board, senior management, and shareholders. Any questions raised during the general meetings were promptly answered, and the board was able to comprehensively resolve any arising issues. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>Virtual general meetings have been held to encourage meaningful engagement between the board of directors, senior management, and shareholders.</p> <p>The 25th Annual General Meeting of the Company was virtually broadcasted live to all shareholders from the Broadcast Venue at the Share Registrar office in Kuala Lumpur, Malaysia. All of the necessary infrastructure and tools are in place to support, among other things, a smooth broadcast of the general meeting and interactive shareholder participation.</p> <p>The Remote Participation and Voting (“RPV”) facilities provided by the share registrar allowed shareholders to pose questions to the Board and Chairman of the General Meeting via typed text in the query box. The shareholders submitted their questions at any time from the day of notice of the General Meeting and up to the time when the meeting was in progress.</p> <p>The Chairman who chaired the proceedings, provided fair opportunity and time to all shareholders to exercise their rights to raise questions and vote.</p> <p>At the “Questions and Answers” session in the meeting agenda, the TIIH Online platform had the facilities to live broadcast the questions/remarks and answers; and the shareholders had experienced real-time interaction with the Board during the General Meeting. Questions posed by shareholders had been made visible to all meeting participants during the meeting itself via the RPV facilities. All resolutions as set out in the Notice of General Meeting were put to a vote by poll using the RPV facilities. A poll administrator was appointed to administer, coordinate and count the votes and a scrutineer was appointed to validate the vote cast during the General Meeting.</p> <p>The voting decisions were then announced to the shareholders by the</p> |

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| | Chairman at the General Meeting that all resolutions as set out in the Notice of General Meeting were duly passed by the shareholders. | |
| Explanation for departure : | | |
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| <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.

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| <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 general meetings were published in the Company's website within 30 business days of the meeting. |
| 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 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.

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