

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 9601  
**COMPANY NAME** : HO WAH GENTING BERHAD  
**FINANCIAL YEAR** : December 31, 2023

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The principal responsibilities of the Board include:</p> <ul style="list-style-type: none"><li>a. Reviewing and adopting strategic plans for the Company taking into consideration factors such as existing and potential rivals, external environmental factors; and internal characteristics including goals, assets, liabilities and structure;</li><li>b. Overseeing operations and matters delegated to the Management and ensure status reports are presented quarterly at Board Meetings;</li><li>c. Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;</li><li>d. Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks. The Board or through its committees set, where appropriate, objectives, performance targets and policies for the management of the key risks faced by the Company;</li><li>e. Succession planning, including recruiting, training, remunerating and where appropriate, engaging Senior Management for succession purposes;</li><li>f. Formulating and implementing investors relations program or shareholder communications policy for the Company;</li><li>g. Ensuring compliance with regulatory and statutory requirements; and</li><li>h. Reviewing, approving, and recommending substantial transaction(s), financial budget(s), new business proposal(s) and corporate proposal(s) involving changes in issued capital, fund raising, substantial acquisition and disposal.</li></ul> <p>The roles and responsibilities of the Board, Management, and the Managing Director/Chief Executive Officer are defined in the Board Charter. The responsibilities and limit of authority of the Managing</p>

	<p>Director/Chief Executive Officer to carry out the mandate of the Board to oversee and monitor the day-to-day running and management of the Group's business and matters reserved for Board are also detailed in the Board Charter. The Board Charter is subject to review as and when needed. (A copy of the Board Charter is available on the Company's website.)</p> <p>Appointment of Board and Senior Management are based on objective criteria and merit with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The Board through the Nomination and Remuneration Committee evaluates and assesses the performance of the Executive Directors. Senior Management will be reviewed by the Executive Director in charge of the Division.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman is principally responsible for ensuring the effectiveness of the Board and the Group's strategic business direction. The Chairman is tasked with convening effective Board and Committee meetings, decides on agenda, ensure Management submit meeting papers to the Board timely, encourages interaction and discussion at meetings which leads to conclusion or decision of the agenda tabled. The Chairman also chairs meetings in-line with good Corporate Governance practices, promotes and encourages compliance with the Code on Corporate Governance especially in corporate management and reporting requirements.</p> <p>During Board meetings, the Chairman would invite members of the Board for comments and encourage active participation and opinions from the Board. He also manages the interface between the Board and Management, other than the Head of Finance who attends every Audit Committee and Board meetings, other Head of Department (s) will be invited to attend Board or any Board Committee Meetings as and when needed.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 1.3**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The position of Chairman and CEO are held by different individuals. The roles of the Executive Chairman and CEO/MD of the Company are separate with clear division of responsibilities between them to ensure balance of power and authority.</p> <p>The CEO/MD is responsible for implementing the policies and decisions of the Board, overseeing the operations, coordinating the development and implementation of business and corporate strategies, internal controls as well as monitoring performance.</p> <p>The roles and duties of the Chairman, CEO/MD, and the Board, are defined in the Board Charter which is available in the Company's website.</p> <p>The role of the CEO/MD is assumed by the Executive Director.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.4

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

<p><i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i></p>	
<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: <p>The Chairman of the Board and Chairman of the Board Committees are not the same person to mitigate the risk of self-review thus improving the objectivity of the Chairman and the Board on the observations and recommendations put forth by the Board Committees.</p> <p>The Executive Chairman and Executive Director being the senior executives in-charge of the Group's business operations and management, had attended Audit and Risk Management Committee (ARMC) meetings solely as invitees to provide necessary information on operations, business and financial related matters, feedback and clarification to the queries raised by the ARMC. In addition, the said executives also received feedbacks and comments from the Audit Committee, they do not participate in any discussion and decision making of any of the agendas. Moreover, the composition of the Audit Committee comprised entirely Independent Directors thus providing sufficient checks and balances and independent decision making. Both the Executive Chairman and Executive Director do not attend any Nomination and Remuneration Committee meetings.</p> <p>The Board is of the view that the Group should maintain the current arrangement for ease of communication between the executive and non-executive directors.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<b>Measure</b>	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	: Choose an item.

### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors is supported by a competent and professionally qualified Company Secretary, an associate member of The Malaysian Institute of Chartered Secretaries and Administrators.</p> <p>The Company Secretary advises and assists the Board, Board Committee or Director individually on matters including but not limited to board procedures, rules and Constitution of the Company, legislations, regulations, Code, guidelines and operational matters within the Group. All Board members are entitled and have direct and unrestricted access to the advice and services of the Company Secretary.</p> <p>The Company Secretary has kept herself abreast with the development and new changes in relation to any legislation and regulations concerning the corporate administration and has highlighted the same to the Board of Directors and Senior Management of the Company accordingly.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At least seven (7) days prior to a Board/Committee meeting, agenda and comprehensive board papers containing relevant reports and material information will be distributed to Directors for their perusal to enable them to participate effectively in the meeting for an effective Board/Committee discussion and decision process. The Directors may seek further explanation or clarification on issues before or during the proceedings of the meeting.</p> <p>Minutes of meetings reflecting the matters transpired are properly recorded and circulated to the Board/Committee members for comments. In addition, the Company Secretary will email to the relevant Head of Department for follow up action, if required.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter sets out the roles and responsibilities of the Board and Committees, and the rights, processes, and procedures of the Board.</p> <p>The Board Charter is to guide the Directors in discharging their duties and responsibilities as Directors and is drafted in accordance with the fundamental requirements of provisions in the Companies Act, 2016, Listing Requirements, Capital Markets and Services Act 2007, Constitution of the Company and other applicable rules or regulations governing the Group's business activities.</p> <p>The Board had formally adopted the revised Board Charter on 26 March 2013 and it is subject to review periodically (a copy of the Charter is available on the Company's website). The Charter was reviewed and updated on 23 December 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board recognizes the importance of establishing a standard of competence for corporate accountability which includes standard of professionalism and trustworthiness to uphold good corporate integrity. The Board adopted a Code of Ethics for Directors which is embedded in the Board Charter of the Company (a copy of which is available on the Company's website). The Code of Ethics for Directors was reviewed on 23 December 2021.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a WhistleBlower Policy on 30 May 2019 and the said Policy had been posted to the Company's website.</p> <p>The Board has named the Senior Independent Director, Ms. Elaine Tan Ai Lin to facilitate any concerns which shareholder(s) and employee(s) may want to address. Any concerns may be conveyed via email to <a href="mailto:whistleblower@hwgb.com">whistleblower@hwgb.com</a>.</p> <p>All stakeholders who have dealing(s) with the Group may contact the relevant Head of Department/Division or the Senior Independent Director</p> <p>The appointment of a Senior Independent Director is to facilitate any concerns which shareholder(s) and employee(s) may want to address. The WhistleBlower Policy was reviewed on 23 December 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.1

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group had sustainability strategies implemented in the day-to-day operations of each business division taking care of the interest and sustainability of various stakeholders including customers, shareholders, investors, and employees. The business operations are planned with consideration on Environmental, Social and Governance (ESG) factors most relevant to the Group's business and stakeholders. The Group also took significant steps toward transitioning to a circular economy, which prioritizes utilizing sustainable materials and minimizes waste in its productions.</p> <p>Codes, guides and relevant policies are in place to provide and monitor climate change and energy management; data and privacy, and information technology security; anti-corruption, whistleblowing system; occupational health and safety; labour practices and standard, employee training; products developments and compliance. This approach is led by management and guided by the board of directors.</p> <p>The Sustainability Statement in the Company's Annual Report provides more information on the sustainability approach deployed in the various business divisions.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

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

### Practice 4.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Sustainability Statement 2023 of the Company includes the disclosures of ESG related strategies, targets and initiatives by key subsidiaries.</p> <p>The Company's representatives engage periodically with external stakeholders to obtain their insights on material issues that are important to the businesses which are detailed in the Company's Sustainability Statement 2023.</p> <p>All of the Company's material announcements are published through Bursa Securities. Stakeholders and the public can access these announcements on the company's website (<a href="http://www.hwgb.com">www.hwgb.com</a>) to gain the latest information about the Company and the Group for all stakeholders to access.</p> <p>The Company's Annual General Meeting ("AGM") is an important yearly forum for dialogue with its shareholders, whereby shareholders can ask the directors and senior management on any relevant questions pertaining to the Company and the proposed resolutions of the meeting.</p> <p>Internally, the employees are periodically kept informed via email, mobile chat, briefing and publication over notice board in the office on any changes in operation procedures, methodology, updates of information, and new requirements on compliance and any other development.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

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

**Practice 4.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board and Senior Management had attended and will continue to attend relevant training on sustainability matters and reporting.</p> <p>The Board is also briefed by the executive directors from time to time on any key sustainability developments that will affect the Company, including climate-related risks and opportunities concerning the operations of the business units in particular and the Company as a whole.</p> <p>The Board reviewed and approved the Company’s Sustainability Statement 2023 contained in the Annual Report 31 December 2023 and published on the website.</p> <p>The Board also receives regular updates on sustainability issued by Bursa Malaysia Securities Berhad.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	In the Board evaluations for year 2023, relevant subject matters relating to environmental, social and governance, and sustainability, arising from the revised Corporate Governance Code 2021 were added to assess the Board's overall performance in relation to its oversight of the Group in managing sustainability risks and opportunities.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

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

### Intended Outcome

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

### Practice 5.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board through the Nomination and Remuneration Committee ("NRC") evaluates and assesses the performance and contribution of the Executive Directors and their remuneration packages; and the performance and contribution of the Non-Executive Directors, the composition of the Board and ARMC annually. The NRC carries out its duties in accordance with the Terms of Reference and the Directors' Fit and Proper Policy adopted on 20 December 2022 (downloadable from website at <a href="http://www.hwgb.com">www.hwgb.com</a>).</p> <p>The NRC also reviewed the rotation list and assessed the performance and contribution of the Director(s) retiring prior to recommending to the Board and shareholders the re-election of the retiring Director(s).</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The present composition of the Board is in compliance with Paragraph 15.02 of the LR and also the Code Practice 5.2 that requires at least half of the Board members to be Independent Directors. The profile of each Director is set out in the Annual Report under - Profiles of Directors. The Board currently has five members comprising:</p> <ul style="list-style-type: none"> <li>i. The Executive Chairman;</li> <li>ii. One Executive Director; and</li> <li>iii. Three Independent Non-Executive Directors.</li> </ul> <p>The Audit and Risk Management Committee (“ARMC”) composition comprised of three Independent Directors of which one is a member of the Malaysian Institute of Accountants.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.3

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board in its Charter had provided that an Independent Director whose term of office exceeds nine years (<i>whether on a consecutive or cumulative basis</i>), on the ninth anniversary year, shall be subject to review by the Board of his or her independency before recommendation on re-appointment as Independent Director is proposed to shareholders. The CG Code recommended shareholders' approval through a two-tier voting process for retention of independent director beyond nine years.</p> <p>In the current year, an Independent Director had exceeded the nine years tenure. The NRC had assessed the independence and performance of the said Independent Director and recommended a resolution to be tabled at the forthcoming Annual General Meeting to retain the said independent director via two-tier voting with justification provided in the notes to the Notice of AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.4 - 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.*

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

## Intended Outcome

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

## Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Appointment of Board and Senior Management are based on objective criteria, merit with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The Board considers its current composition, with the mix of skills, expertise and age group provide much diversity of perspective to lead and guide the Group and are adequate to discharge the Directors' duties and responsibilities effectively. The Board through the NRC regularly reviews the composition of the Board and Board Committees.</p> <p>The brief profile of the Directors and Senior Management is set out in the Profile of the Board of Directors and Senior Management in the Annual Report.</p> <p>The NRC carries out its duties in accordance with the Terms of Reference and the Directors' Fit and Proper Policy adopted on 20 December 2022 (downloadable from website at <a href="http://www.hwgb.com">www.hwgb.com</a>).</p> <p>The NRC had considered and adopted the fit and proper criteria covering character, integrity; experience and competency; time and commitment stated in the Company's Directors' Fit and Proper Policy in appointing new director and also in annual assessment of directors.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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



**Intended Outcome**

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

**Practice 5.6**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Besides recommendation from internal source, the Board will also source externally via recruitment consultants, industry acquaintance and recommendations. Recommended candidate(s) will be submitted to the NRC who is tasked with the responsibility for assessing the curricular vitae of new nominees and recommending the appointment to the Board and/or Board Committee(s).</p> <p>There is no new appointment to the Board and/or changes to the Board Committee since 2022.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 5.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has provided a statement accompanying the Notice of AGM as required under Paragraph 8.27(2) of the Listing Requirements of Bursa Securities that there was no individual seeking for election as a Director at its forthcoming Annual General Meeting.</p> <p>The profile of each Director including their position, interest in the company and/or any relationship with other directors and/or major shareholders, and other directorships are stated in the Annual Report under “<i>Profile of Board of Director</i>” including the Directors subject to retirement by rotation.</p> <p>As disclosed in Practice 6.1, the NRC carried out an annual evaluation and assessment on each Director at the end of the financial year, including the Directors subject to retirement by rotation and their re-election was recommended by the Board as the Board was satisfied with the performance of each of the Directors based on the strong ratings received by the Directors via peer evaluation, the relevant skill sets and experience and bring valuable insights and contribution to the Board and able to exercise independent judgement. The assessment criteria also include fit and proper, knowledge and integrity, contribution and participation, calibre and personality.</p> <p>In addition, the Independent Directors will also confirm their independence via the annual assessment form.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination and Remuneration Committee is made up entirely of Independent Directors and chaired by the Senior Independent Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company has only 1 women Director on Board (20%).	
		The Board through the NRC will consider the gender diversity as part of its future selection and will consider increasing female participation in Board. Senior Management appointment will be reviewed by the Executive Director in charge of the Division.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

### Intended Outcome

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

### Practice 5.10

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>In recognition of the call for gender diversity to consider female participation in Board membership, the NRC recommended and the Board appointed the first lady Director, Ms. Elaine Tan Ai Lin as Independent Non-Executive Director on 2 January 2013. Ms. Elaine Tan was also appointed as member of ARMC and NRC on 19 March 2013 and subsequently appointed as Chairperson for NRC on 13 June 2018. She was appointed as the Senior Independent Director on 22 June 2018. The Board of Directors consists of four gentlemen and a lady. On Senior Management level, currently, out of the five Senior Management staff/head of departments, two are ladies.</p> <p>The Board through NRC will consider the gender diversity as part of its future selection and will consider increasing female participation in the Board as well as Senior Management.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

## Intended Outcome

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

### Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Board through the NRC evaluates and assesses the performance of the Executive Directors and their remuneration packages; the Non-Executive Directors, the Board, the ARMC, and members of the ARMC annually. The NRC carries out its duties in accordance with the Terms of Reference and the Directors’ Fit and Proper Policy adopted on 20 December 2022 (downloadable from website at <a href="http://www.hwgb.com">www.hwgb.com</a>).</p> <p>After the end of the financial year, the NRC met once with full attendance and evaluated and assessed the following:</p> <ul style="list-style-type: none"><li>i. Board performance: Board structure, training needs, Board operations, roles and responsibilities;</li><li>ii. Board Committee performance: composition of Board Committees and Board Committees operations and reporting;</li><li>iii. Performance review on Non-Executive Directors and Executive Director only based on their contributions and conduct;</li><li>iv. Remuneration package of Executive Directors;</li><li>v. ARMC performance: its composition, understanding of its charter, discharge of duties in accordance with its terms of reference, operations, reporting and conduct of meetings of the ARMC;</li><li>vi. ARMC members’ performance based on their contributions and conduct; and assessment on “independence” of independent directors;</li><li>vii. Board evaluations relating to environmental, social, governance, and sustainability, based on the recent additional questions arising from the revised Code.</li></ul> <p>The Chairman of the NRC reported to the Board the necessary matters and findings of the NRC at the subsequent Board meeting. The minutes of the NRC and summary of the above-mentioned assessments results are also tabled to the Board at the subsequent Board meeting.</p>

	The NRC had considered and adopted the fit and proper criteria covering character, integrity; experience and competency; time and commitment stated in the Company's Directors' Fit and Proper Policy.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

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

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

## Practice 7.1

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Code recommended the level and composition of remuneration of Directors and Senior Management to 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.</p> <p>The Group has not adopted a formal policy on remuneration for Directors and Senior Management.</p>	
		<p>The Board through the NRC evaluates and assesses the performance of the Executive Directors and their remuneration packages. Senior Management remuneration will be reviewed by the Executive Director in charge of the Division.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board established the NRC on 25 November 2002. The Committee is made up entirely of Independent Directors and chaired by the Senior Independent Director.</p> <p>The NRC is responsible for evaluating and assessing the performance of the Executive Directors and their remuneration package; assessing and evaluating the Non-Executive Directors and recommends their fees payable to the Board for consideration.</p> <p>A copy of the Board Charter which contains more information on the NRC and Board's policy on its composition, process of appointment, Board and Board Committees procedures and conducts, terms of reference of various Board Committees are available on the Company's website. The NRC terms of reference was reviewed and updated on 23 December 2021.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The details of remuneration to each Directors in respect of the financial year ended 31 December 2023 is set out in the next page of this Report.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Lim Ooi Hong	Executive Director	-	-	600	-	13	-	613	-	-	600	-	13	-	613
2	Lim Wee Kiat	Executive Director	-	-	288	-	-	-	288	-	-	318	-	-	-	318
3	Kenny Yeoh Khi Khen	Independent Director	60	4	-	-	-	-	64	60	4	-	-	-	-	64
4	Elaine Tan Ai Lin	Independent Director	60	4	-	-	-	-	64	60	4	-	-	-	-	64
5	Khalid Bin Ahmad Husni	Independent Director	60	4	-	-	-	-	64	60	4	-	-	-	-	64
6	Input info here	Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
7	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board, after due consideration, is of the view that the detailed disclosure of individual top 5 senior management will not add significantly to the transparency in corporate governance on senior Management's remuneration disclosure.	
		Accordingly, the Board chooses to disclose Senior Management's remuneration insuccessive bands in the Annual Report 31 December 2023.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Audit Committee is an Independent Director who is not Chairman of the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group recognizes the importance of independence of its Audit Committee members to avoid conflict of interest. None of the members of the Board and Audit Committee was former audit partner in charge of the Group.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee/ARMC practices obtaining written confirmation from the external auditors each year before commencement of audit for each financial year, that the firm is able to carry out the audit with objectivity and independence. The said written confirmation is tabled at the said Audit Committee/ARMC meeting for review and discussion with the auditors.</p> <p>During the financial year, the ARMC had also assessed the independence of the external auditors via a questionnaire which was duly completed by the external auditors, and the result was reviewed and discussed by the ARMC with the present of the external auditors.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee comprises entirely of Independent Directors.

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee/ARMC consists of two members with accounting and financial qualification with one who is a member of the Malaysian Institute of Accountants, and the other is a member of The Institute of Internal Auditors Malaysia. Whilst the third Audit Committee/ARMC member is of legal background. All members of the Audit Committee/ARMC undertake and continue to undertake continuing professional development. The non-financial background Committee member would attend financial related programs periodically to keep herself abreast with developments in accounting matters.</p> <p>All the Audit Committee/ARMC members are knowledgeable with the Group's businesses through participation in periodical Board and Board Committee meetings, and frequent updates and communications from Management.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 10.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>In order to achieve a sound system of risk management and internal control framework, the Board and Management is committed to adopt a risk management and control framework that is embedded into the culture, processes and structure of the Group.</p> <p>The Board has the overall responsibility for overseeing the Group’s system of internal control and the effectiveness in managing risks.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

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

## Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The role of Management, recognizing the importance of effective and sound system of internal control, is implementing the Board's policies on risk and control to enhance good corporate governance, achieve Group's business objectives and safeguard shareholders' investment whilst the Board has the overall responsibility for overseeing the Group's system of internal control and the effectiveness in managing risks.</p> <p>The internal audit function provides assessments as to whether risks, which may hinder the Company from achieving its objectives, are being adequately evaluated, managed and controlled. It further evaluates the effectiveness of the governance, risk management and internal control framework and facilitates enhancement, where appropriate.</p> <p>The Board also formed a Risk Management Committee ("RMC") on 30 May 2019 and the RMC was merged with the Audit Committee on 8 July 2020 and renamed as Audit And Risk Management Committee (ARMC), chaired by an independent director, with participation of all independent directors. The RMC is to identify, assess and monitor key business and/or operations risks to safeguard shareholders' investment and the Company's assets.</p> <p>Further details on the risk management and internal control activities are set out in the Statement on Risk Management and Internal Control of this Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

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

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

**Practice 10.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Board also formed a Risk Management Committee ("RMC") on 30 May 2019 and the RMC was merged with the Audit Committee on 8 July 2020 and renamed as Audit And Risk Management Committee (ARMC), chaired by an independent director, with participation of all independent directors. The ARMC is to identify, assess and monitor key business and/or operations risks to safeguard shareholders' investment and the Company's assets.

**Intended Outcome**

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

**Practice 11.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve a company’s operations. It helps a company accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.</p> <p>The internal audit function provides assessments as to whether risks, which may hinder the Company from achieving its objectives, are being adequately evaluated, managed and controlled. It further evaluates the effectiveness of the governance, risk management and internal control framework and facilitates enhancement, where appropriate.</p> <p>The Board has set up an internal audit function that operates effectively, independently and reports directly to the ARMC.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Prior to the appointment of the outsourced Internal Auditors, the Audit Committee reviews the relevant matters in connection with their appointment before rendering its recommendation to the Board, to ensure the Internal Auditors are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>The Group’s independent internal audit function is outsourced to a professional service firm to assist the Board and the Audit Committee in providing an independent assessment of the adequacy, efficiency, and effectiveness of the Group’s system of internal control. Mr. Khor Ben Jin heads the Group internal audit function as the Chief Audit Executive (“CAE”). He is also the executive director of the professional service firm. Each internal audit review is staffed by 3 internal audit executives, including the CAE who also leads the reviews and the engagement to ensure that the internal audit function is carried out effectively. The CAE reports directly to the Chairman of the Audit Committee on audit matters, and to the Executive Chairman on administrative matters.</p> <p>Mr. Khor is a Fellow of the Association of Chartered Certified Accountants, UK, a Certified Internal Auditor, USA, as well as a member of the Malaysian Institute of Accountants. He has more than 16 years of experience in providing internal audit consulting services, enterprise risk services and corporate governance reviews addressing issues relating to governance, risk and controls compliance in highly regulated environments. In addition, he has been trained in Internal Audit methodologies which enabled him to identify.</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognizes the importance of transparency and accountability to its shareholders and the need for clear, effective communications with the Company's institutional investors, potential shareholders, shareholders and other stakeholders. The shareholders, investors, employees, and other stakeholders are kept informed of the Group's performance, business activities, financial performance, material information and corporate events through dialogue, the Annual Report, formal announcements, quarterly reports, circulars and press releases which are released through Bursa Malaysia's and the Company's websites, subsidiaries websites, and social media accounts under the Group.</p> <p>The Group maintains various websites at: <a href="http://www.hwgb.com">www.hwgb.com</a>, <a href="http://www.hw-genting.com">www.hw-genting.com</a>, <a href="http://www.dviria.com">www.dviria.com</a> and <a href="http://www.hwgbbiotech.com">www.hwgbbiotech.com</a> to provide information on the Company, the Group's various businesses which shareholders, investors and public may surf.</p> <p>The notice calling for general meeting, proxy form, annual report, request form for printed annual report, information on shareholders' rights and Board Charter, Anti-Corruption Policy are in "Corporate Governance/Shareholder section" of the Company's website</p> <p>The Chairman at the commencement of each general meeting briefs shareholders of their right to speak and vote.</p> <p>At each general meeting, the Chairman will brief shareholders on the financial and operations performance of the Group prior to tabling the motion on the audited financial statements and shareholders will be invited to raise questions concerning the financial statements. Briefing will also be given on other motions not in the ordinary course of business of the agenda as and when needed before voting. The Directors, Auditors and Senior Managements are also present to answer any questions which may be raised.</p> <p>The Directors present also communicate with shareholders informally before or after the meeting.</p>

	In addition, investor relation activities such as engagement with fund managers and analyst, interview by the media and briefing or interview with external parties are attended to by designated Senior Management i.e. Executive Chairman or Managing Director or Executive Director.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 12.2**

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

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

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board encourages the participation of shareholders at the general meeting and has been sending AGM notices earlier than the minimum notice period stated in the LR by giving more than 21 days notice and will try to continue sending AGM notices earlier as and when possible.</p> <p>The Board will ensure sufficient and relevant information are given for each agenda items in the notice of meeting and / or annual report or circular accompanying the notice of meeting.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All Directors are normally present at each general meeting. Senior Management and adviser(s) will also be present at general meetings to answer any questions that shareholders may raise.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.3**

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company uses user friendly electronic voting to facilitate the voting process and to obtain quicker and more accurate results, thus encourages shareholders participation in voting.</p> <p>The Company has been holding general meetings in the Klang Valley area, thus the issue of remote location for meeting does not arise.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Annual General Meeting ("AGM") is the principal forum for dialogue between the Company and its shareholders and investors. At the AGM, the Board briefs the shareholders on the status of the Group's businesses and operations. The shareholders are given the opportunity to raise questions on the Group's activities and prospects as well as to communicate their expectations and concerns to the Company. Extraordinary General Meeting ("EGM") is held as and when shareholders' approvals are required on specific matters.</p> <p>The Chairman at the commencement of each general meeting briefs shareholders of their right to speak and vote.</p> <p>The Chairman will brief shareholders on the financial and operations performance of the Group prior to tabling the motion on the audited financial statements and shareholders will be invited to raise questions concerning the financial statements. Briefing will also be given on other motions not in the ordinary course of business of the agenda as and when needed before voting. The Directors, Auditors and Senior Management are also present to answer any questions that may be raised.</p> <p>The Chairman ensures shareholders have opportunity to participate in general meetings effectively; including having access to information they require to participate in discussions and to cast informed votes. The Chairman also invites questions from shareholders concerning the resolution tabled and responds to the questions raised accordingly.</p> <p>All resolutions set out in the notice of the AGM/EGM were put to vote by poll and the votes casted were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meetings is announced to Bursa Malaysia immediately on the meeting day.</p>

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

**Intended Outcome**

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

**Practice 13.5**

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Company’s Constitution provides for conduct of virtual meeting. The Code requires the Board to ensure the conduct of a virtual meeting supports meaningful engagement between the Board, Senior Management and shareholders.  The Board will decide on the suitable meeting methodology from time to time.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Company has been posting each general meeting minutes on its website within 30 business days after the completion of the general meeting.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

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

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

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