

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7033  
**COMPANY NAME** : KUMPULAN H & L HIGH-TECH BHD  
**FINANCIAL YEAR** : October 31, 2022

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("<b>Board</b>") of Kumpulan H &amp; L High-Tech Berhad (the "<b>Company</b>") upholds its responsibility in governing, guiding and monitoring the long-term performance of the Company and its subsidiaries ("<b>Group</b>") and for overseeing the Group's strategy and monitoring its operation which include taking into consideration the long-term interests of all stakeholders, including shareholders, employees, customers, business associates and the communities in which the Group and the Company conducts its business.</p> <p>The Directors understand that the responsibility for good corporate governance rests with them and therefore strive to apply the broad principles and specific recommendations on structures and processes as stated in the Malaysian Code on Corporate Governance ("<b>MCCG</b>").</p> <p>The Board is active in developing and implementing the Group's strategies, monitoring and reviewing the Group's performance.</p> <p>The Board assumes the following specific duties:</p> <ul style="list-style-type: none"> <li>(a) Establishing and reviewing the strategic direction of the Group;</li> <li>(b) Overseeing and evaluating the conduct of the Group's businesses;</li> <li>(c) Promoting good corporate governance culture;</li> <li>(d) Identifying principal risks and ensuring that risks are properly managed;</li> <li>(e) Establishing a succession plan;</li> <li>(f) Ensuring the existence of a good investor relations programme and effective shareholder communication; and</li> </ul> <p>Reviewing the adequacy of the internal controls and implementation of sound framework of internal controls and risk management.</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.

Application	:	Applied	
Explanation on application of the practice	:	<p>Mr Tan Lye Huat who is the Chairman of the Board is primarily responsible for the effective operation and functioning of the Board as a whole. In fulfilling this role, the Chairman:-</p> <ul style="list-style-type: none"><li>• Encourages active participation in meeting;</li><li>• Ensures the decisions made are properly understood and well recorded;</li><li>• Provides effective governance over the affairs of the Company; and</li><li>• Ensures the best interest of the Company through the assistance of senior executives, expert advisors and auditors.</li></ul> <p>The Board Charter is also available on the Company's website, <a href="http://www.hlhightech.com">www.hlhightech.com</a>.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>Mr Tan Lye Huat is currently both the Chairman and Managing Director of the Company for the time being until the needs arise to have both roles be separated.</p> <p>Mr Tan Lye Huat is the founder of the Company and thus he has considerable experience in the Group's business and provides leadership to the Board in considering and setting the overall strategies and objectives of the Company.</p> <p>The Board is mindful of the dual role of Chairman and Managing Director held by Mr Tan Lye Huat and is of the view that there are sufficient experienced and independent-minded Directors on the Board to provide sufficient checks and balances. Currently, there are four (4) experienced and professionally qualified Independent Directors representing two third of the Board, the Board collectively would be able to function independently of management. This allows for effective oversight of the management as well as supports objective and independent deliberation, review and decision making.</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

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Chairman, Mr Tan Lye Huat does not sit in Audit and Risk Management Committee, Nomination Committee or Remuneration Committee.
<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 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	Ms Wong Wai Foong and Ms Tan Hsiao Yuen are the Company Secretaries of the Company. Their competency level and continuous professional development are fulfilled.	
		The Board members have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries advise the Board on the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations.	
Explanation for departure	:	The Company Secretaries attend and ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory books kept at the registered office of the Company.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Minutes of the Board's and Board Committees' meetings are circulated for all the Board's and Board Committees' members for comments and are confirmed and duly signed by the respective Chairman as a correct record of the said meetings.</p> <p>All members of the Board are supplied with information in a timely manner. Board reports and papers are circulated in advance prior to Board's and Board Committees' meetings to enable Directors to obtain further information and explanations, where required, before the meetings. The meeting papers and notice of the Board's and Board Committees' meetings are circulated to the Board members at least five (5) days before the meeting.</p> <p>All Board members ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director had abstained from voting or deliberating on a particular manner.</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 serves as a primary reference point on governance matters as well as a guideline for the roles and responsibilities of the Directors and the Board Committees.</p> <p>The Board of the Company regards corporate governance as vitally important to the success of its business and is committed in ensuring that the principles of good governance are applied in all of the Group's dealings.</p> <p>The objectives of the Board Charter are to ensure that all Directors are aware of their duties and responsibilities as Board members and that the principles and practices of good corporate governance are applied in all their dealings in respect and on behalf of the Company.</p> <p>The Board Charter is regularly reviewed by the Board as and when required. The Board Charter is available on the Company's website at <a href="http://www.hlhightech.com">www.hlhightech.com</a>.</p> <p>The roles of the Board Committees are further detailed in the respective Committees' Terms of Reference, which are also available on the Company's website.</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>	:	<p>The Company has put in place the Code of Ethics and Conduct for the Directors and employees of the Group which is published on the Company's website at <a href="http://www.hlhightech.com">www.hlhightech.com</a>.</p> <p>The Board and all employees are guided by the Group's core values and policies, as well as relevant regulatory requirements and standards which regulate appropriate conduct and ethics within the Group. The Group has established the above policies and procedures to provide direction and guidance to all Directors, Senior Management, employees and external parties in the discharge of their duties and responsibilities that will be in the best interest of the Group.</p> <p>The Code of Ethics and Conduct are regularly reviewed by the Board as and when required.</p> <p>Since Financial Year ("FY") 2021, the Company had adopted an Anti-Bribery and Anti-Corruption Policy ("<b>ABAC Policy</b>") applicable to everyone within the Group to deal with improper solicitation, bribery and other corrupt activities that could arise in the course of business activities. The Company also provided adequate training to all staff in order for them to understand the ABAC Policy.</p> <p>The Anti-Bribery and Anti-Corruption Policy is subject to review by the Board as and when required. It is available on the Company's website at <a href="http://www.hlhightech.com">www.hlhightech.com</a>.</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 board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

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

### Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has formalised a Whistleblowing Policy to provide a clear line of communication and reporting of concerns for employees at all levels.  The Whistleblowing Policy is made available on the Company's website, <a href="http://www.hlhightech.com">www.hlhightech.com</a> and is subject to periodic review by the Board from time to time	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 4.1**

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

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The board is committed to address sustainability risk and are engaging professional to assist in the setting up of the sustainability strategies as well as the implementation of it.	
<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 4.2**

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>	:	The Group discloses its sustainability initiatives in the Sustainability Statement of the Annual Report. The Sustainability Statement serves as the primary communication channel for all the Group's stakeholders.	
<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 4.3

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>	:	The Board has committed to keeping abreast with the latest development in the sustainability issues relevant to the Group. The Board gains access to the sustainability issues' updates via news, publications from relevant agencies, engagement with external consultants and business associates, and Directors' training.  The Board members attended the Sustainability Accelerator workshop by organised by MIRA on 24 November 2021 to enhance their understanding on ESG and the relevant regulations and reporting guidelines	
<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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board has yet to perform evaluation in matters related to the Company's material sustainability risk and opportunities as the Company is now considering appointing Tricor Axcelasia Sdn. Bhd. to provide sustainability advisory services.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<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 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 Nomination Committee met twice during the FY 2022 to discuss the potential candidate for the Board.</p> <p>The tenure of each director is also being reviewed and Mr Chu Kan who has served on the Board since 1997 was resigned on 22 December 2022 whereas Ms Rita Tai Lai Ling and Mr Hau Hock Khun, both served the Company for more than 12 years, will be resigned and retired at upcoming Annual General Meeting to be held on 18 April 2023.</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>	:	The Board currently consists of one (1) Executive Chairman, one (1) Executive Director and four (4) Independent Non-Executive Directors ("INEDs").  Majority of the Board members are INEDs.	
<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 5.3**

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Mr Chu Kan who has served on the Board since 1997 has resigned on 22 December 2022 whereas Ms Rita Tai Lai Ling and Mr Hau Hock Khun, both served the Company for more than 12 years, will be resigned and retired in upcoming Annual General Meeting to be held on 18 April 2023.</p> <p>None of the Independent Directors in the Company have exceeded a cumulative term limit of nine years after their resignation/retirement.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
<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>The current Board consists of Directors from diverse background and specialisation, collectively bring with them a wide range of experience and expertise in areas such as business, corporate finance, legal, information technology and operations.</p> <p>The Board has adopted a Diversity Policy which set out the approach to diversity on the Board and workforce of the Group.</p> <p>The Board conducts regular reviews of its composition with the aim to ensure it achieves a diverse Board which is able to unearth a breadth of perspectives.</p> <p>In sourcing for suitable candidates when the need arises, the Company takes into account the benefits of having different facets of diversity including gender, age, ethnicity, nationality, professional background, skills and experience.</p> <p>The NC would take into account the following in assessing the suitability of the candidates for the appointment of Directors:</p> <ul style="list-style-type: none"><li>(a) skill, knowledge, expertise, experience;</li><li>(b) professionalism;</li><li>(c) integrity;</li><li>(d) time commitment;</li><li>(e) board diversity including gender diversity; and</li><li>(f) the ability to discharge such responsibilities and functions as expected from a director.</li></ul> <p>The NC will also assess the candidate pursuant to the Fit and Proper Policy which was adopted by the Company on 28 March 2022. The said Policy is available on the Company's website, <a href="http://www.hlhightech.com">www.hlhightech.com</a> and is subject to periodic review by the Board from time to time.</p> <p>The Board upon the recommendation of NC, will evaluate the qualifications of a candidate and to decide on the appointment of the proposed candidate to the Board.</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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board empowers the NC for the identification and evaluation of new Board members to fill up casual vacancy in the Board. The NC will identify suitable individuals as Director of the Company from various sources including receiving recommendations from existing Board members, Management and major shareholders as well as making reference to business associates and professional bodies.</p> <p>The NC also ensures the potential candidates possess the appropriate skills, core competences and experiences to discharge their role as directors.</p> <p>If necessary, the Board will utilise independent sources for sourcing suitably qualified candidates.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		



### Intended Outcome

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>To ensure shareholders have sufficient information on re-appointment of director, the profiles of the directors with details of background, qualification and experience of the directors, including relationship with the key directors if any, are disclosed and published in the Annual Report and Company's website.</p> <p>The Board will make an immediate announcement if there is any changes in the Board composition and Board Committees to Bursa Malaysia Securities Berhad to ensure that shareholders and public are kept informed.</p> <p>The Board has provided a statement to support the re-appointment of the Director and the reasons in the Company's Notice of 28<sup>th</sup> AGM dated 28 February 2023 in order to facilitate shareholders in making informed voting decisions.</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.

Application	:	Applied	
Explanation on application of the practice	:	The Nominating Committee is chaired by Mr Hau Hock Khun, an Independent Non-Executive Director of the Company.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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>	:	Applied	
<b>Explanation on application of the practice</b>	:	During the FY 2022, there are two (2) female Directors out of six (6) of the board members.  This represents 33.33% of the total Board members. The Company has met the nation's target of 30% representation of women directors on the board of public listed companies.	
<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 5.10**

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>The Board had fulfilled the threshold of 30% female directors. Currently, the Board consists of two (2) females out of a total six (6) Board members.</p> <p>The Company does not have a specific target for female Directors on the Board. However, suitable qualified female candidates who can contribute to the diversity of the Board, will be considered for appointment in the event that vacancies for Directors arise or when a decision is made to increase the size of the Board.</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 NC assesses on an annual basis the performance of the Board as a whole, Board's Committees, as well as individual Directors and to conclude if they are effective.</p> <p>The evaluation was conducted through questionnaires circulated to the Board prior to the NC Meeting covering various aspects pertaining to:-</p> <ul style="list-style-type: none"><li>• The effectiveness of the Board as a whole and the effectiveness of the Board Committees;</li><li>• The character, experience, integrity and competence of the Directors, and to ensure they have the time to discharge their respective roles;</li><li>• The mix of skills and experience of each individual Director including the core competencies of the Non-Executive Directors; and</li><li>• The level of independence of the INEDs.</li></ul> <p>The Board was satisfied with the results of the annual assessment and that the current size and composition of the Board is well balanced with the right mix of skills.</p> <p>Based on the evaluation on the effectiveness of the Board Committees of the Company, the NC assessed and concluded that the three (3) Board Committees, namely Audit and Risk Management Committee, NC and Remuneration Committee, have discharged their respective functions effectively during the FY 2022.</p> <p>The INEDs of the Company have fulfilled and complied with the criteria of independence under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("<b>Bursa Securities</b>") and the NC viewed that they continue to demonstrate their independence through their engagement in meetings, providing objective challenge to the Management and bringing independent judgment to decisions made by the Board.</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 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 Board, via the Remuneration Committee (“RC”), implement the policies and procedures to determine the remuneration of Directors and senior management. The said policy is available on the Company’s website, <a href="http://www.hlhightech.com">www.hlhightech.com</a> and is subject to periodic review by the Board from time to time.</p> <p>The remuneration packages of the Executive Directors and senior management are structured in a way to link rewards to the performance of the Company as well as individual performance.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

The 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 RC was established to assist the Board in developing remuneration policies and procedures that enable the Group to attract, motivate and retain qualified Directors and key Senior Management personnel. The RC comprises solely of Independent Non-Executive Directors, namely:-</p> <p><u>Chairperson:</u> Ms Rita Tai Lai Ling (Independent Non-Executive Director)</p> <p><u>Members:</u> Mr Hau Hock Khun (Independent Non-Executive Director) Mr Chu Kan (Independent Non-Executive Director)(Resigned on 21 December 2022) Mr Lim Hock Aun (Independent Non-Executive Director) Mr Yoon Hin Yeow (Independent Non-Executive Director) (Appointed on 21 December 2022)</p> <p>Meanwhile, the RC's Term of Reference is available on Company's website <a href="http://www.hlhightech.com">www.hlhightech.com</a>.</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>	:	<p>The remuneration of Directors for the FY 2022 is disclosed in page 27 of the Annual Report 2022:</p> <ul style="list-style-type: none"><li>• On a named basis; and</li><li>• Segregated by component e.g. Directors' fees, salary, percentages, bonuses, commission, compensation for loss of office, benefits in kind based on estimated money value</li></ul>

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	Chu Kan	Independent Director	20	5	Input info here	Input info here	Input info here	Input info here	25	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Lim Hock Aun	Independent Director	24	5	Input info here	Input info here	Input info here	Input info here	29	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Rita Tai Lai Ling	Independent Director	20	5	Input info here	Input info here	Input info here	Input info here	25	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Hau Hock Khun	Independent Director	20	5	Input info here	Input info here	Input info here	Input info here	25	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Tan Lye Huat	Executive Director	0	0	672	74	26	97	869	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
6	Tan Sook Yee	Executive Director	0	0	179	32	9	27	247	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>	:	<p>Other than Executive Directors, the Board had decided not to disclose the details of other senior management's remuneration packages. The details of the remuneration of the Executive Directors are disclosed in Practice 8.1 above.</p> <p>The consideration including the sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's effort in retaining executive talents.</p> <p>The Board is of the opinion that the disclosure on a named basis for the senior management would not be in the best interest of the Group due to confidentiality concerns.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<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	TAN LYE HUAT	DIRECTOR	650,001-700,000	Choose an item.	50,001-100,000	0-50,000	Choose an item.	850,001-900,000
2	TAN SOOK YEE	DIRECTOR	150,001-200,000	Choose an item.	0-50,000	0-50,000	Choose an item.	200,001-250,000
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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee is composited of all Independent Directors and the Chairman of the Audit Committee is Mr Lim Hock Aun, one of the Independent Directors of the Company. Meanwhile, the Chairman of the Board is Mr Tan Lye Huat.</p> <p>Mr Lim Hock Aun, is a member of the Malaysian Institute of Accountants and a member of the Institute of Chartered Accountants, England and Wales. His profile is disclosed in Annual Report 2022.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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>	:	<p>The Audit Committee has incorporated the policy that requires a former partner to observe a cooling-off period of at least three (3) years prior to being appointed as a member of the committee in its Terms of References which is available on the Company's website at <a href="http://www.hlhightech.com">www.hlhightech.com</a>.</p> <p>The Company has never appointed any former partners of the external audit firm or its affiliate firm as a member of the Board.</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

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 Board had adopted the policies and procedures to assess the suitability and independence of the External Auditors.</p> <p>The Board, through its ARMC maintains a formal and transparent relationship with its External Auditors. The Board had delegated the responsibility to the ARMC for making recommendations on the appointment, re-appointment or removal of the External Auditors as well as on their remunerations.</p> <p>The ARMC assessed the performance and effectiveness of the External Auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence.</p> <p>The ARMC performed an assessment on the External Auditors based on the aforesaid criteria and its performance on 21 December 2022. Based on the assessment, the ARMC made its recommendation to the Board on the re-appointment of Grant Thornton Malaysia PLT for the next financial year.</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 ARMC of the Company comprises four (4) Independent Non-Executive Directors.

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>For FY 2022, the ARMC comprises four (4) Independent Directors:</p> <ul style="list-style-type: none"><li>(a) Mr Lim Lim Hock Aun (<i>Chairman</i>)</li><li>(b) Hau Hock Khun (<i>Member</i>)</li><li>(c) Rita Tai Lai Ling (<i>Member</i>)</li><li>(d) Mr Chu Kan (<i>Member</i>) (<i>resigned on 21 December 2022</i>)</li><li>(e) Yoon Hin Yeow (<i>Member</i>) (<i>appointed on 21 December 2022</i>)</li></ul> <p>The Chairman of the ARMC, Mr Lim Hock Aun, is a member of the Malaysian Institute of Accountants ("MIA") and a member of the Institute of Chartered Accountants, England and Wales. The members of ARMC, Ms Rita Tai Lai Ling and Mr Yoon Hin Yeow, are also the members of MIA. Furthermore, Mr Yoon Hin Yeow is also a member of the Chartered Institute of Management Accountants of the United Kingdom and the Institute of Singapore Chartered Accountants.</p> <p>Thus, the Company has complied with Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements.</p> <p>Profile of the Independent Directors are disclosed in Annual Report 2022.</p> <p>During the FY 2022, all the members of the AC attended professional development trainings. The record of training attended by ARMC members is disclosed in the Corporate Governance Overview Statement of the Annual Report 2022. The External Auditors briefed the ARMC on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements and the implication therefrom.</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

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>The Board is responsible for maintaining a sound and effective system of risk management and internal control to safeguard shareholders' investment and the Group's assets, as well as reviewing the adequacy and effectiveness of these systems to support the Group's strategy and operations to achieve its business objectives.</p> <p>To discharge these responsibilities, the Board is assisted by the ARMC in fulfilling the oversight responsibilities of reviewing the control systems in general and assessing the adequacy and effectiveness of the risk management and internal control practices conducted by the Management.</p> <p>The Board is supported by the Management in developing, implementing and monitoring sound practices for identifying and managing strategic, financial and operational risks and for providing assurance that risk management and internal control practices with respect to the conduct of business are implemented and adhered to within the Group.</p> <p>The Board engages independent professional consultants from established firms to assist the Board in reviewing and appraising the internal control system within the Group.</p> <p>The Statement on Risk Management and Internal Control in the Annual Report 2022 provides an overview of the state of risk management and internal control within the Group governed by the Risk Management Framework.</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 Board acknowledges its responsibility for reviewing the adequacy and integrity of the Group's risk management and internal control systems; identifying the principal risks in the Group; and establishing appropriate control environment and framework to manage risks.</p> <p>The key features of the Company's risk management and internal control framework, which covers their adequacy and effectiveness are disclosed under the Statement on Risk Management and Internal Control in the Annual Report 2022.</p> <p>For the FY 2022, the Board has received assurance from the Group Executive Chairman and Managing Director together with Management that, to the best of their knowledge, the Group's risk management and internal control systems are operating adequately and effectively in all material respects.</p> <p>The Board, through the ARMC will continue to assess the adequacy and effectiveness of the system.</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 10.3 - 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>	:	<p>The Board of Directors had on 22 January 2021 merged the Audit Committee and Risk Management Committee into a single committee known as the ARMC.</p> <p>The ARMC comprises of solely Independent Directors. Apart from overseeing the Group's audit functions, the ARMC is also overseeing the Risk Management functions of the Group. To reflect such changes, the Terms of Reference of ARMC, which is available on the Company's website has been revised to include financial reporting, external audit, internal audit and Risk Management</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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's internal audit function is carried out by an outsourced professional service firm, Tricor Axcelasia Sdn. Bhd. ("Tricor Axcelasia") and Intertek Testing Services (Singapore) Pte Ltd ("Intertek") who assists ARMC to review the adequacy and integrity of its system of internal control and to oversee the function of internal audit.</p> <p>The scope of work is proposed by internal auditors and their reports had been presented to the ARMC directly. The ARMC also reviews the internal audit plan, processes and results of the audit process works and, where applicable, ensure that the appropriate actions are taken on the recommendations of the internal audit function.</p> <p>The details of the internal audit activities are disclosed in the ARMC Report of the Annual Report 2022.</p> <p>The ARMC had conducted an assessment on Tricor Axcelasia on 21 December 2022 and was satisfied that they met the competency required and expected for the independent audits.</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>All personnel assigned by the outsourced professional service firm, namely Tricor Axcelasia, for the internal audit of the group do not have any family relationship or conflict of interest with the Group, which could impair their independence and objectivity for internal audit assignment performed during the FY 2022.</p> <p>Tricor Axcelasia has assigned three staff to provide internal audit services to the Group during FY 2022, and Mr. Darren Yap, a Senior Manager of Tricor Axcelasia, is responsible for the outsourced internal audit function of the Group. Mr. Darren Yap is a professional member of the Institute of Internal Auditors Malaysia. All the internal audit functions were carried out in accordance with International Professional Practices Framework issued by The Institute of Internal Auditors Malaysia.</p> <p>The outsourced internal auditors keep it staff abreast with developments in the profession, relevant industry and regulations to ensure they are able to perform their role effectively</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 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 Company strives to promote a better understanding of the Group through investor relation activities.</p> <p>Apart from general meetings, the Company has put in place the following initiatives to facilitate effective communication with its shareholders:</p> <ul style="list-style-type: none"><li>(a) the Annual Report, which contains information such as Management Discussion and Analysis, financial statements, and information on the AC, Corporate Governance, Sustainability and Risk Management and Internal Control;</li><li>(b) various announcements made to Bursa Securities, which include timely release of financial results on a quarterly basis. Concurrent with these releases, the Company posts all announcements on its website at <a href="http://www.hlhightech.com">www.hlhightech.com</a>;</li><li>(c) attending to shareholders' and investors' emails and phone enquiries; and</li><li>(d) the Company's website for information on, Board Charter, annual reports, quarterly report announcements, press releases, and other corporate information.</li><li>(e) Minutes of the AGM together with the summary of key matters discussed at the AGM were uploaded to the Company's website in a timely manner.</li></ul> <p>The website also provides Investor Relations contact for shareholders to direct their queries or concerns to.</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 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 Company issues its notice of Annual General Meeting ("AGM") to shareholders at least twenty-eight (28) days before the AGM, to allow shareholders to have sufficient time to consider the resolutions that will be tabled at the AGM and make the necessary attendance and voting arrangements.</p> <p>The Company's 27<sup>th</sup> AGM was held on 8 April 2022 and the Notice of the 27<sup>th</sup> AGM was issued on 28 February 2022.</p> <p>The notes to the Notice of 27<sup>th</sup> AGM also provided detailed explanations for each resolution proposed as special business to enable shareholders to make informed decisions in exercising their voting right.</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.

Application	:	Applied	
Explanation on application of the practice	:	At the previous Annual General Meetings held on 8 April 2022, all directors, senior management, external auditors and company secretary were present in person to engage directly with shareholders and address questions or issues raised by shareholders.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company did not facilitate the remote shareholders' participation at the AGM due to holding the physical Annual General Meeting ("AGM") on 8 April 2022.  However, Management always ensure that the AGM will convene at a venue which is easily accessible. Those shareholders who are unable to attend the AGM is entitled to appoint any person(s) as their proxy(ies) to attend, participate and vote on their behalf at the AGM, in accordance with the Company's Constitution.	
<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

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 Company had given at least 28 days' notice and all Board of Directors attended the meetings in both occasions. Apart from Notice of AGM, all documents relating to the meetings were available for perusal and download from the Company's website besides published at Bursa's website. The notices of meetings had included detailed explanatory notes and requisite information on the proposed resolutions, where applicable, to enable shareholders to make informed decisions regarding to the respective business agenda of the meetings.</p> <p>During the physical AGM held on 8 April 2022, the shareholders are given sufficient time to present their questions and their questions have been responded by the Board and Management timely as well.</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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company did not convene its AGM virtually, the shareholders could not participate in the AGM remotely.</p> <p>Nevertheless, the shareholders were given sufficient opportunity to pose questions during the AGM and received meaningful responses from the Board and Management.</p>
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<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

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 minutes of the 27 <sup>th</sup> AGM together with the summary of key matters discussed at the AGM were published on the Company's website within 30 business days from the date of the 27 <sup>th</sup> AGM.
<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.*

Not Applicable
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