

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5242
COMPANY NAME : SOLID AUTOMOTIVE BERHAD
FINANCIAL YEAR : April 30, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• Establish and review the strategic direction of the Group <p>The vision of the Group forms the foundation of the business strategies of the Group. The Board of Directors of the Company ("the Board") has put in place a strategy planning and review process, whereby the Executive Directors present to the Board the recommended business strategies during the financial year for the Board's deliberation and decision with any concern on the strategies and actions proposed are discussed during the Board's meetings to ensure the optimal outcome. The strategy planning and review process include operations, sales and marketing strategies and strategic direction on investments proposed by the Executive Directors to the Board for deliberation and decision. This is to ensure that such business strategies are adequately planned and viable for execution and such strategies are in line with the risk tolerance of the Board and take into consideration of sustainable business practices. The strategy planning and review process are also supported by updates from the Management.</p> <p>The Board reviews and approves Management's proposal on the strategic plan for the Group and receives updates from the Management on specific business environment and future business trend as well as factors affecting the performance and strategies of the Group on a quarterly basis. Any new developments regarding the current strategies and actions taken are discussed during the Board Meetings with the proposed strategic direction deliberated and decided by the Board. In addition, any material investment contemplated by the Group is proposed by the Executive Director(s) of the Board for deliberation to ensure that it is in line with the Group's strategic direction and all key risks are properly assessed and addressed.</p>

	<ul style="list-style-type: none"> Overseeing the conduct and performance management of the Group and to evaluate whether the business is being properly managed <p>On a quarterly basis, the financial results, including comparison of actual financial performance against budgeted financial performance, are presented by the Management to the Board for review. In addition, key business indicators, such as trade receivables' aging analysis, inventory aging analysis and trade payables aging analysis, are tabled to the Audit Committee for their review and subsequently reporting to the Board on quarterly basis. Key business and financial issues identified and raised are deliberated by the Board to ensure that the issues in question are properly addressed and the associated risks adequately managed. On a quarterly basis, the outsourced internal audit function table their internal audit findings to the Audit Committee.</p> Set the tone from the top <p>The Board acknowledges that, as one of its fiduciary duty to the shareholders, high standards of integrity and accountability are required in the conduct of the Group's business and be embedded across the Group. To set the tone from the Top, the Board had established the Company's Code of Conduct to govern the ethical standards and good conducts expected of the directors, employees and stakeholders and to act as the foundation for ethical rules within the Group. At operational level, integrity and ethical value expected from the employees are incorporated in the Ethical Framework by the Management based on the value promoted in the Company's Code of Conduct. In order to promote the integrity and ethical value, formal Whistle-blowing Policy is established by the Board to create an environment where affected stakeholders can whistle blow on improper behaviour without being victimised for doing so.</p> <p>Please refer to Practice 3.1 and 3.2 for detailed disclosure on Code of Conduct and Whistle-blowing Policy respectively.</p> Identify principal risks faced by the Group and ensure the implementation of appropriate controls and systems to monitor and manage these risks <p>The Board is kept apprised of any emergence of new or changes of the key risks faced by the Group and the steps taken to manage these risks by the Executive Directors and the Management during the scheduled meetings. Through the use of the internal audit function, the Board ensures that the risk management and internal controls systems are in place and operating as laid down.</p> Succession planning and performance appraisal of the Board and Senior Management
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	<p>The Board is committed that the succession planning of the Board and the Senior Management is put in place. The Board had put in place a formal Succession Planning Policy to govern the identification and development of talent pools and to align resources with business strategies and objectives while plan of action is in place to ensure the least possible disruption to the key positions' departure. The Board is responsible for the succession planning of the Managing Director while the Managing Director is responsible for the succession planning of key positions within the Group with the assistance from the senior management team and key employees.</p> <p>In line with the Succession Planning Policy, competent and suitably qualified second-in-line staff are identified by the Managing Director with the assistance from Executive Directors for the key positions within the Group. The development of the second-in-line staff is managed through on-the-job training and guidance as well as external trainings to close the competency gap required. The Senior Management of the Group is subject to annual performance appraisal based on the formal human resource policy established.</p> <p>On an annual basis, the Nomination Committee assesses the performance of the individual directors and identifies training requirements of the directors to ensure all directors possess essential skills and knowledge to discharge their responsibilities as directors of the Group. The results of the review by the Nominating is tabled to the Board for deliberation and approval.</p> <p>Further details on the role and responsibilities of the Nominating Committee is disclosed in Corporate Governance Overview Statement.</p> <ul style="list-style-type: none"> Overseeing the development and implementation of a shareholders' communication policy <p>The Board has established a formal Corporate Disclosure Policy to ensure timely, factual, accurate and comprehensive communication of material events to the regulatory authorities, shareholders and stakeholders.</p> <p>The principles adopted by the Board on corporate disclosure are transparency and accountability, compliance with relevant laws and regulations, confidential and timely disclosure as well as fair and equitable access to information. Proper governance structure and processes are established within the Corporate Disclosure Policy to guide the proper disclosure of material information as well as confidentiality preservation requirements.</p> Review the adequacy and the integrity of internal control systems and management information systems, including systems for
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	<p>ensuring compliance with applicable laws, regulations, rules, directives and guidelines</p> <p>The Board has established an internal audit function to assist it in ensuring that the risk management and internal control systems are in place, adequate and operating as laid down. The Internal Audit function is performed by an outsourced independent professional firm, which reports directly to the Audit Committee and performs their work based on the internal audit plan approved by the Audit Committee. The internal audit report together with findings, recommendations and management action plans are presented to the Audit Committee quarterly and the results reported to the Board.</p> <ul style="list-style-type: none"> • Review corporate governance compliance. <p>The Board is kept informed of any emergence of new or changes in corporate governance and reviews these new corporate governance requirements and changes that may impact the Group and has delegated the enforcement of the corporate governance practices to the Group Financial Controller. Also, through the use of the internal audit function and advices from the company secretaries, the Board monitors and ensures the internal controls systems are in place and operating as laid down.</p> <p>In carrying out the Board's responsibilities, the key matters reserved for the Board's approval, include among others, material new ventures, corporate planning programmes, material acquisitions and disposals, material investments, changes in the major activities, major borrowings, major agreements/contracts, changes to the management and control structure and compliance with relevant laws and regulations. In addition, the authorisation requirements delegated to the Management are incorporated in the key business processes and stated in the Group's Authorisation Limit policy.</p> <p>The Board has delegated to the Senior Management to achieve the strategic goals set and determine appropriate initiatives to achieve the strategic goals, so that shareholders' value is created in the long term.</p> <p>A copy of the Board Charter is available for download at the "Investors Relation – Corporate Governance" section of www.solidautomotive.com.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman is responsible for the governance, orderly conduct and effectiveness of the Board. In addition, the Chairman represents the Board at general meetings and ensures an effective two-way communication with the shareholders. The Chairman acts as facilitator at the meetings of the Board to ensure that no board member dominates the discussion, and that appropriate discussion takes place and relevant opinion among Board members are forthcoming. The Chairman of the Board shall be an independent non-executive director. In particular, the Chairman is responsible:</p> <ul style="list-style-type: none">(a) To oversee the Board in the effective discharge of its responsibilities;(b) To ensure the efficient organisation and conduct of the Board's meetings;(c) To ensure that quality information is delivered to Board members on a timely basis to facilitate decision-making; <p>The Group has appointed, Mr. Kek Kok Swee, an Independent Non-Executive Director, as the Chairman of the Board.</p> <p>A copy of the Board Charter is available for download at the "Investors Relation – Corporate Governance" section of www.solidautomotive.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>As stated in the Board Charter, the position of the Chairman and Managing Director should be held different individuals. The Chairman must be a Non-Executive Director.</p> <p>The responsibilities of the Chairman are to oversee and supervise the Board so that it operates in an efficient and effective manner. The responsibilities of the Managing Director are to oversee the day-to-day management of the Group as delegated by the Board.</p> <p>The position of Chairman of the Board is held by an Independent Non-Executive, Mr. Kek Kok Swee and the position of the Managing Director is held by Mr. Ker Min Choo.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Mr. Kek Kok Swee, who is the Chairman of the Board is also a member of the Audit Committee, Nomination Committee and Remuneration Committee.
	:	Based on the Board's performance evaluation conducted annually, the Board is of the opinion that appointing Mr.Kek Kok Swee as the Chairman of the Board while he is a member of the Audit Committee, Nominating Committee and Remuneration Committee, does not create a situation of self-review, nor does it impair his objectivity in the deliberations on the observations, findings and recommendations put forth by the respective Board Committees at Board meetings.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board is aware of the above departure and will review on timely basis the recommendation made.
Timeframe	:	Others
	:	On-going

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>It is the policy of the Company that a professionally and competent company secretary is appointed per the Board Charter.</p> <p>The Board appointed professional and competent Company Secretaries (both the existing Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators) to discharge its functions with their attendance at all Board and Board Committee meetings. The Company Secretary is responsible for ensuring the Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretary advises the Board on issues relating to corporate governance, compliance with laws, rules, procedures and regulatory requirements. The Company Secretary ensures that there is good information flow within the Board and between the Board, Board Committees and Senior Management.</p> <p>The Company Secretary also ensures that all Board and Board Committee meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory records and registers of the Company.</p> <p>The Company Secretary attended briefings and updates provided by the relevant regulatory bodies or professional firms in order to keep abreast with the latest development in the relevant regulatory requirements, codes or guidance and legislations in order to ensure timely compliance with relevant laws and regulations.</p> <p>The Company Secretaries appointed are Ms. Tai Yit Chan and Ms. Santhi A/P Saminathan.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.6

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

Application	:	Applied	
Explanation on application of the practice	:	In order to facilitate effective and efficient board meetings, the Board has scheduled the meetings annually with tentative dates given. This is to ensure that the Board members are able to plan ahead their schedules for the meetings.	
		All the Board members are furnished electronically with the board papers on matters pertaining to the financial performance, draft quarterly announcements, significant acquisitions or disposals that needs to be discussed, deliberated and approved, at least seven (7) days prior to the meeting date. This is to ensure that the Board members are given sufficient time to digest and understand matters or raise concerns that requires to be deliberated in the meeting.	
		The Company Secretaries ensures that the issues deliberated and discussions made during the meeting are being properly recorded in minutes. The minutes of the previous meeting are distributed for perusal and confirmation by the Directors at the Board and Board Committee meetings on a timely basis.	
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 demarcation of responsibilities between the board, board committees and management.

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established the Board Charter which outlines the duties and responsibilities of directors, including the division of responsibilities and authorities between the Board and the Executive Management as well as between the Chairman of the Board and the Managing Director with matters reserved for the Board for review and decision clearly defined. The charter sets out the purpose, Board's strategic intent, responsibilities and authorities as well as terms of reference.</p> <p>The Board Charter also acts as a source of reference and primary induction literature in providing insights to Board members and senior management.</p> <p>A copy of the Board Charter is available for download at the "Investors Relation – Corporate Governance" section of www.solidautomotive.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Code of Conduct and is committed to ensure that highest standard of integrity, transparency and accountability are adopted and practiced throughout the Company and the Group.</p> <p>The Code of Conduct sets out the principles and standards of business ethics and conduct of the Group. The Code of Conduct also provides ethical and legal guidance to all Directors and employees of the Company and the Group.</p> <p>A copy of the Code of Conduct is available for download at the "Investors Relation – Corporate Governance" section of www.solidautomotive.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a formal Whistle-Blowing Policy to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Company may be exposed.</p> <p>The formal Whistle-Blowing Policy provides a mechanism for employees and other interested parties to confidentially bring to the attention of the members of the Audit Committee any concerns related to matters covered by the Group Code of Conduct, legal issues and financial, accounting or audit matters. The policy is also designed in such a way that any improper conduct (misconduct or criminal offence) is reported to representative of the Audit Committee directly. The whistle-blower will be accorded with protection of confidentiality of identity and be protected against any adverse and detrimental actions for disclosing any improper conduct committed or about to be committed, to the extent reasonably practicable.</p> <p>A copy of the Whistle Blowing Policy is available for download at the “Investors Relation – Corporate Governance” section of www.solidautomotive.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has yet to formalise a comprehensive and structured Sustainability Framework and Governance Structure of the Group. To achieve this, the Board continuously ensures that there is an effective governance framework for sustainability within the Group.</p> <p>The Board takes cognisance of the importance of improving the values affecting stakeholders, employees, society, and the environment towards sustainability of the Group's business. The Board with consultation from management, oversees and evaluates the economic, environmental, social and governance ("ESG") issues and any other external matters that may affect the development of the Group's business or interest of the shareholders. The sustainability practices of the Group are disclosed in the Sustainability Statement of the Company's Annual Report.</p> <p>The Board together with the Senior Management takes responsibility for the governance of sustainability in the Company, including setting the Company's sustainability strategies, priorities and targets. Performance against these clearly set out targets are communicated to the Company's internal and external stakeholders.</p> <p>Aside from environmental and social sustainability practices, the Group has adopted Code of Conduct and Ethics, Whistle Blowing Policy, Anti-Bribery and Corruption Policy and to uphold high standards of governance practice across the Group and exercises zero tolerance against all forms of bribery and corruption.</p> <p>The Board of Directors has entrusted the Risk Management Committee with the responsibility of risk management oversight. The Company had adopted an Enterprise Risk Management Framework to identify, evaluate, and manage principal risks for the Group.</p>

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

Intended Outcome

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

Practice 4.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Group recognises the importance of sustainability on its overall strategies and operations deliberates by continuous communicating with its internal stakeholders through regular meetings. On the other hand, the Group communicates this to the external stakeholders via its yearly Sustainability Statement reported in its Annual Report.	
		The Group undertakes to prioritise enhancement of sustainability strategies and targets in FY 2024.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board is aware of the above departure and will review on timely basis the recommendation made.	
Timeframe	:	Others	On-going.

Intended Outcome

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

Practice 4.3

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board recognises the importance of keeping abreast with the ever-evolving sustainability landscape, so as to align its business strategies with its long-term sustainability value and objective.	
		The Board will incorporate more sustainability discussions into its business planning and strategies and participate in professional development programmes or activities to improve on its skills set and knowledge on sustainability, to enable it to better tackle and deliberate on sustainability matters in a more effective and efficient manner.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Board is aware of the above departure and will review on timely basis the recommendation made.	
Timeframe	:	Others	On-going.

Intended Outcome

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

Practice 4.4

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	There were no performance evaluations of the board and senior management in addressing the company’s material sustainability risks and opportunities.	
		The Board will consider including the review of the performance in terms of sustainability risks and opportunities in future performance evaluations.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board is aware of the above departure and will review on timely basis the recommendation made.	
Timeframe	:	Others	On-going.

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>It is one of the duties of the Nominating Committee to review and consider the appointment and re-appointment of a member of the Board based on the <i>Responsibilities and Duties</i> and to recommend to the Board for its consideration and decision per the <i>Terms of Reference of the Nomination Committee</i>.</p> <p>It is also the duty of the Nominating Committee to ensure that the composition of the Board is refreshed periodically based on the results of the Board evaluation and performance and the tenure of each Director. Further, the annual re-election of Directors should be based on a satisfactory evaluation of the Director's performance and contribution to the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>During the financial year ended 30 April 2023, the Board comprise of six (6) members of which three (3) are Executive Directors and three (3) are Independent Non-Executive. However, with the resignation of an Independent Non-Executive Director on 31 March 2023, less than half of the Board comprised of independent directors. Currently, the Board comprises of seven (7) members of which four (4) are Executive Directors and three (3) are Independent Non-Executive Directors.</p> <p>The Board is of the opinion that the current composition is sufficient in making objective decisions in the best interests of the Group and Company while taking into account the size of the Group. The Independent Non-Executive Directors consist of diversified and experienced directors with relevant knowledge and skillsets in their respective fields, such as finance, accountancy, taxation, business management, etc.</p> <p>The independent elements within the Board is also reinforced by the fact that the Chairman of the Board is an Independent Non-Executive Director (as required under the Board Charter) who is responsible for the governance and orderly conduct and effectiveness of the Board and position of the Chairman and the Managing Director is separated. Furthermore, the Board had adopted Step-Up Practice 9.4 whereby the Audit Committee is made up exclusively of Independent Directors to enhance independence and objectivity within the Board.</p> <p>With the above, the Board believes that the independent elements within the Board is upheld and the independence and objectivity are asserted during the deliberation and decision making at the Board and the Board Committees' meeting.</p> <p>The Board will continuously review the composition and size of the Board to ensure its appropriateness and effectiveness and to be in line with regulations and guidelines.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:	As stated above.	
Timeframe	:	Others	On-going.

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>As at the date of this Report, Ms. Tan Lay Beng, the independent director who was appointed on 18 August 2014 and has served the Board of the Company for a tenure of more than 9 years.</p> <p>The Company does not have policy mentioning the term limits for the Independent Directors as the Board believes that experience with the Company's business operations brings benefits to the Board and the long serving Independent Directors possess knowledge of the Company's affairs as long as their independence are maintained.</p> <p>The current independent directors are strong individuals demonstrating independence. Independence is a result of a director's state of mind and integrity and not dependent on years of service. The experience of the independent directors in the Company is valuable for determining the strategic direction for the continued stability and growth.</p> <p>Based on the above justification, the Board recommends and supports the continuity of the office of Ms. Tan Lay Beng as an Independent Director to the Company.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Company will go through two-tier voting on coming Annual General Meeting and will appoint new Independent director in place of Ms. Tan Lay Beng.
Timeframe	:	Within 3 years

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>	
Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Appointment of a new Director to the Board or Board Committee is by recommendation to the Nomination Committee for consideration and subsequent approval by the Board in accordance with the Policy and Procedures on Nomination and Appointment and Re-appointment of Directors developed by the Nomination Committee approved by the Board on 28 June 2022.</p> <p>The Nomination Committee is responsible for assessing and considering suitable candidates for the appointment of members of the Board after taking into consideration their capabilities, professionalism, integrity, expertise and experience. In this respect, the roles of the Nomination Committee are detailed in its Terms of References.</p> <p>A copy of the Terms of Reference of the Nomination Committee is available for download at the “Investors Relation – Corporate Governance” section of www.solidautomotive.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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 Nomination Committee is responsible to identify and nominate suitable candidates for consideration and approval by the Board.</p> <p>The Nomination Committee members shall recommend/propose to the Board on suitable candidates for directorships and senior management taking into consideration the following:</p> <ul style="list-style-type: none">• Competencies (including skills, knowledge, expertise and experience);• Professionalism;• Integrity;• Commitments;• Contributions; and• Performance <p>Other than recommendations from existing board members, management or major shareholders, the Nomination Committee members will also seek recommendations from external sources such as business associates or putting out open requests for interviews, if necessary, in order to identify qualified candidates.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Directors' Profile section of the Annual Report 2023 discloses the Directors' name, age, nationality, gender, qualification(s), working experience, declaration that there was no history of conviction of any offences within the past five (5) years, other than traffic offence (if any) and any conflict of interest, as well as Board meeting attendance during the financial year.</p> <p>The Group had adopted the Directors' Fit and Proper policy on 28 June 2022 to guide the Nomination Committee in the review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking for election or re-election.</p> <p>The retiring Directors meet the criteria prescribed under paragraph 2.20A of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and they have the character, experience, integrity, competence and time to discharge their roles as Directors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	<p>As stated in the Terms of Reference of the Nomination Committee, the Chairman of the Nomination Committee shall be an Independent Non-Executive Director.</p> <p>The Chairman of the Nomination Committee is held by Mr. Chai Yee Man, an Independent Non-Executive Director. His profile is set out in the Annual Report FYE 30 April 2023.</p> <p>A copy of the Terms of Reference of the Nomination Committee is available for download at the “Investors Relation – Corporate Governance” section of www.solidautomotive.com.</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 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board has not established a formal policy on gender diversity.	
		Although there is no formal policy on gender diversity, one member of the Board of Directors is a female director.	
		The Board promotes gender diversity and believes in recruiting and retaining the right talent for every position, regardless of gender, while considering the requisite knowledge, skill sets and experience.	
		The current Board composition with two (2) female Directors out of the total seven (7) Directors, representing 28% women Directors, is slightly below the 30% gender diversity recommendation by the MCCG and will continue to work towards enhancing the Board's gender diversity.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board is aware of the above departure and will review on timely The Board is aware of the recommendation set out in the MCCG and will evaluate the policy from time to time, and will continue to seek diverse Board members of the highest calibre with the necessary strength, experience and skills to meet the needs of the Group. The Management would also continue to accelerate training and personal mentoring within their employees to nurture their talent and potential to take on senior management positions as part of their succession planning.	
Timeframe	:	Others	On-going.

Intended Outcome

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

Practice 5.10

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The board has yet to establish Board Diversity Policy.	
		The appointment of a new Director to the Board or Board Committee is by recommendation to the Nominating Committee for in accordance with the <i>Policy and Procedures on Nomination and Appointment and Re-appointment of Directors</i> developed by the Nomination Committee approved by the Board on 28 June 2022.	
		As per the <i>Policy and Procedures on Nomination and Appointment and Re-appointment of Directors</i> , the nomination and selection of Directors will be based on a range of diverse perspectives, including but not limited to professional experiences, business experiences, skills, knowledge, gender, age, educational and cultural background without any discrimination to enable the Board as a whole to effectively discharge its responsibilities and duties.	
		Whilst the Board supports gender diversity, the Board also firmly believes that it is important to recruit and retain the right talent for every position, regardless of gender, while taking into account the requisite knowledge, skill sets and experiences of the individual.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	As stated above.	
Timeframe	:	Others	On-going.

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	<p>The Nomination Committee has established formal annual procedures for the evaluation of the performance of Board, Board committees and individual directors. The criteria include, among others, Board effectiveness, composition of the Board and Board committees and contribution of individual Board members at meetings.</p> <p>For the FYE 30 April 2023, the Nomination Committee met twice to review the compliance of the composition requirement of the Nomination Committee in accordance with MMLR of Bursa Securities and the annual assessment process. The Nomination Committee conducted evaluations of the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director as well as independence assessments on the Independent Non-Executive Directors. The Nomination Committee also reviewed the independence, competencies, contributions and suitability of directors seeking re-election and re-appointments before recommending them to the Board prior to submission of their names to shareholders for approval at the Annual General Meeting.</p> <p>In addition, peer review of fellow directors is required to be performed by each director based on recommended evaluation criteria per the Corporate Governance Guide issued by Bursa Malaysia Berhad, whereby the criteria in terms of fit and proper as well as contribution and performance of fellow directors are assessed.</p> <p>As for the performance evaluation of board committees, the Board assesses the performance of the Audit Committee, Nomination Committee, Remuneration Committee and ESOS Committee based on the recommended evaluation criteria adopted from the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad, which includes committees' composition, contribution to the board's decision</p>

	making, expertise, appointment as well as timeliness and quality of communication and minutes.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the need for fair remuneration in order to attract, retain and motivate Directors that carry out their responsibilities and expertise that benefits the Group's business activities. The Board takes cognisance that Directors remuneration should be aligned with the business strategy and long-term objectives of the Group and is reflective of their experience and level of responsibilities.</p> <p>The Board has in place a formal Board Remuneration Policy as a guidance to the Remuneration Committee in the review and consideration of the proposed remuneration package of the members of the Board. Major components of the remuneration package for executive directors and non-executive directors are identified for review based on criteria established in the formal policy.</p> <p>The objectives of the formal Board Remuneration Policy are as follows:</p> <ul style="list-style-type: none">• to enable the Company to attract and retain highly qualified members to enable the Company to provide a well-balanced and competitive directors compensation package.• to ensure that the interests of Executive Directors are aligned with the business strategy, risk tolerance, values and medium to long term interests of the Group and is consistent with the "pay-for-performance" principle.• to promote strong teamwork culture among the Executive Directors.• to instil transparency and openness in the review and approval of compensation package of the Board's members.
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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board recognises the need for fair remuneration in order to attract, retain and motivate Directors that carry out their responsibilities and expertise that benefits the Group’s business activities. The Board takes cognisance that Directors remuneration should be aligned with the business strategy and long-term objectives of the Group and is reflective of their experience and level of responsibilities.</p> <p>The Board has in place a formal Board Remuneration Policy as a guidance to the Remuneration Committee in the review and consideration of the proposed remuneration package of the members of the Board. Major components of the remuneration package for executive directors and non-executive directors are identified for review based on criteria established in the formal policy.</p> <p>The Terms of Reference is available for viewing on Company’s website at www.solidautomotive.com</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

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The detailed disclosure on named basis of the remuneration package for all Directors is disclosed in the Annual Report FYE 30 April 2023.

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	Kek Kok Swee	Independent Director	48	-	-	-	-	-	48	48	-	-	-	-	-	48
2	Tan Lay Beng	Independent Director	40	-	-	-	-	-	40	40	-	-	-	-	-	40
3	Chai Yee Man	Independent Director	40	-	-	-	-	-	40	40	-	-	-	-	-	40
4	Ker Min Choo	Executive Director	45	-	-	-	-	-	45	45	-	563	61	16	61	746
5	Ker Mong Keng	Executive Director	45	-	-	-	-	-	45	45	-	542	72	-	26	685
6	Ker Keddy	Executive Director	45	-	-	-	-	-	45	45	-	362	66	17	52	542
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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the opinion that the disclosure on named basis of the remuneration of the top four (4) senior management’s as it is imperative for the Company to maintain employees’ remuneration private and confidential, avoid discontentment among employees and talent retention issues.	
		As an alternative to this Practice, the remuneration of the top four (4) senior management during the FYE 30 April 2023, distinguishing between Executive Director and Non-Executive Directors in aggregate, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive band of RM50,000 are disclosed in the “Corporate Governance Overview Statement” section of the Annual Report FYE 30 April 2023.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	As stated above.	
Timeframe	:	Others	Under review.

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit Committee is Ms. Tan Lay Beng and the Chairman of the Board is Mr. Kek Kok Swee.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	To avert the concerns on the independence of external auditor affected by the appointment of former key audit partners, the Terms of Reference of the Audit Committee includes a requirement that a former key audit partner to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee. The Terms of Reference is available for viewing on Company’s website at www.solidautomotive.com .	
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 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>Based on the Terms of Reference of the Audit Committee, the Audit Committee have direct communication channels with External Auditors and have the responsibility to review with the External Auditors on audit plan, its scope and plan, the major audit findings and the management's response (including the status of previous audit recommendations) and to discuss any problems and reservations arising from the interim and final audits and any matters the External Auditors may wish to discuss. Furthermore, it is the responsibility of the Audit Committee to consider the appointment or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as External Auditors as well as to review the independence and objectivity of the External Auditors and their services.</p> <p>The engagement of the External Auditors is governed by the engagement letter with terms of engagement which includes, amongst others, the scope of coverage, the responsibilities of the External Auditors, confidentiality, independence and the proposed fees reviewed by the Audit Committee and its recommendation to the Board. On annual basis, prior to the commencement of the external audit engagement for the financial year, the External Auditors presented the Audit Plan to the Audit Committee whereby the engagement and reporting requirements, audit approach, significant events during the year, areas of audit emphasis, communication with management, engagement team, reporting timeline and deliverables and proposed audit fees were tabled to the Audit Committee for review.</p> <p>On the other hand, the annual assessment of the suitability and performance of the External Auditors by the Audit Committee is guided by External Auditor Performance and Independence Checklist per Corporate Governance Guide issued by Bursa Malaysia Berhad. For the financial year under review, the Audit Committee conducted performance evaluation and independency assessment on External Auditors based on recommended evaluation criteria stated in External Auditor Performance and Independence Checklist, such as the calibre of the firm; quality processes and performance; knowledge and skill sets</p>

	<p>48 of audit team; independence and objectivity; audit scope and planning; audit fees; and audit communication.</p> <p>Prior to the commencement of the audit and upon completion of the audit, the External Auditors confirm to the Audit Committee on their independence and objectivity and that they were not aware of any relationship between them and the Group that may reasonably impair their independence. Furthermore, based on the Audit Committee's review of the non-audit services provided by the External Auditors, the Audit Committee was satisfied that the non-audit services provided/to be provided did not compromise the independence and objectivity required as External Auditors of the Company.</p> <p>The Audit Committee met once privately with the external auditors prior to the commencement of the audit and at the conclusion of the audit without the presence of the Executive Directors and management to encourage two-way communication of the information and views and for the external auditors to freely exchange views and opinions without the interference of the Executive Directors and Senior Management.</p> <p>Apart from the above confirmation and communication, the Audit Committee assessed the independence and objectivity of the External Auditors via External Auditor Performance and Independence Checklist for the FYE 30 April 2023.</p> <p>Having regarded the meetings (including the private sessions held) with the External Auditors and the assessment of the suitability and independence of the External Auditors performed, the Audit Committee and the Board are of the opinion that the External Auditors are suitable and are able to deliver the assurance engagement professionally and diligently with sufficient levels of independence and objectivity under the relevant laws and regulations based on the assessment outcome on the performance, suitability and independence of the External Auditors by the Audit Committee and written confirmation on independence and objectivity and forthwith recommended to the Board for reappointment, subject to shareholders' approval during the Annual General Meeting, having considered the External Auditors had performed audit services to the Company satisfactorily in terms of quality and timeliness since it was appointed and had put in place an internal quality control processes to mitigate quality as well as independence and objectivity risks.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The members of the Audit Committee comprise solely Independent Non-Executive Directors, namely:</p> <ol style="list-style-type: none">1) Ms. Tan Lay Beng2) Mr. Kek Kok Swee (Resigned on 31 March 2023)3) Mr. Chai Yee Man

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>All the members of the Audit Committee possess a wide range of experience, exposure knowledge in various field of accounting, finance, taxation and consulting. Hence, they are financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.</p> <p>Ms. Tan Lay Beng and Mr. Kek Kok Swee are both members of the Malaysian Institute of Accountants, thus fulfilling paragraph 15.09(1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which calls for one member of the audit committee to be a member of a professional accountancy body. Mr. Chai Yee Man has considerable experience in the finance and banking sector and subsequently as business development head and consulting.</p> <p>All the members of the Audit Committee have attended trainings conducted by regulatory bodies or professional organisations in order to keep themselves abreast of relevant developments.</p> <p>The list of professional development programmes that the Audit Committee members attended can be found in the "Corporate Governance Overview Statement" section in the Annual Report FYE 30 April 2023.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board affirms its responsibility to maintain a sound risk management and internal control system and for reviewing their adequacy and effectiveness to safeguard its stakeholders’ interests and the Group’s assets. The Board has delegated these aforementioned responsibilities to the Audit Committee whereby the Audit Committee is assigned with the duty, through its terms of reference approved by the Board, to review and consider the adequacy and effectiveness of the risk management and internal control system of the Group. Through the Audit Committee, the Board is kept informed of all significant control issues brought to the attention of the Audit Committee by the management, the internal audit function and the external auditors.</p> <p>The risk management and internal control framework of the Group and the Company has been disclosed in the “Statement of Risk Management and Internal Control” section of the Annual Report FYE 30 April 2023.</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

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	The features of the risk management and internal control framework and the adequacy and effectiveness of this framework of the Group and the Company has been disclosed in the “Statement of Risk Management and Internal Control” section of the Annual Report FYE 30 April 2023.	
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

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

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

Practice 10.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function of the Group is outsourced to a professional consulting firm to undertake independent, objective, regular and systematic reviews of the internal controls system of the Group. The outsourced internal auditors report directly to the Audit Committee.</p> <p>The Audit Committee reviews the internal audit plan tabled to ensure the adequacy of the audit scope and coverage in relation to the risk management framework, key business risk exposure and risk appetite of the Group prior to its approval for execution. The internal audit plan is duly executed by the internal audit function with any subsequent changes to the plan reviewed and approved by the Audit Committee. Further, the Committee regularly reviewed the internal audit plans during the financial year to take into account any changes in the prevailing business environment, business structure and composition and its associated risks to ensure the continuing relevance of the approved internal audit plans, adequacy of the scope and resources being allocated to the outsourced internal audit function and any changes are approved by the Committee prior to execution.</p> <p>The outsourced internal auditor tables the results of their review to the Audit Committee at their scheduled meetings highlighting their findings, recommendations, areas of improvement opportunities, management response and action plan. In addition, the outsourced internal audit function performed follow up reviews to ascertain the status of implementation of agreed management action plans. The results of the follow up reviews were reported to the Audit Committee for their review and deliberation.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 11.2

The board should disclose—

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ensures the effectiveness and adequacy of the outsourced internal audit function, its competency and resources allocated to the internal audit function through the review of the outsourced internal auditor's resources and the qualifications, working experience and continuous professional development of the personnel of the outsourced internal audit function which was tabled by the outsourced internal audit function at the Audit Committee meetings during the financial year under review.</p> <p>The internal audit function has been outsourced to an independent professional firm, Messrs. NeedsBridge Advisory Sdn. Bhd. The engagement director of the outsourced internal audit function, Mr. Pang Nam Ming, is a Certified Internal Auditor accredited by the Institute of Internal Auditors Global.</p> <p>Please refer to the "Statement of Risk Management and Internal Control" section of the Annual Report FYE 30 April 2023.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to maintain effective communications with its shareholders and investors. The main communication channels with shareholders and investors are the announcements made through Bursa Securities and the Annual Report. All material announcements to be made through Bursa Securities are approved by the Board prior to its release to Bursa Securities. The Board observes all disclosure requirements as laid down by MMLR and the Capital Markets and Services Act 2007 with regard to dissemination of material corporate information and announcements on a timely basis. To further enhance the corporate disclosure, the Chairman of the Board, the Managing Director and a designated Executive Director are delegated with the role as authorised speaker for the Company to ensure consistent, factual and accurate disclosure.</p> <p>The Board has a formal Corporate Disclosure Policy which sets out the policies and procedures for disclosure of material information of the Group and which is applicable to all Directors and employees of the Group. The management of the corporate disclosure is delegated to a designated Executive Director with responsibilities, authorities and resources clearly defined. The proper procedures for responses to market rumors and disclosures of material information are clearly stated in the policy. The policy includes internal control procedures on confidentiality to ensure that confidential information is handled in a proper manner to avoid leakages and improper use of such information.</p> <p>For transparent, quick and effective dissemination of material information, the Company's website incorporates an "Investor Relations" section which provides all relevant information on the Company and is accessible by the public via www.solidautomotive.com. This Investor Relations section includes links to announcements made by the company and the quarterly results and annual reports for the public to access. Further, an email address is provided in "Investor Relations" section of Company's website to which request of any investor can be forwarded to.</p>

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

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Notice for the Tenth (10th) Annual General Meeting held on 27th September 2022 was issued at least 28 days prior to the meeting on 29 August 2022. Sufficient time has been given to the shareholders to prepare and understand of the resolutions that was to be resolved at the General Meeting.</p> <p>The Notice for the Eveleth (11th) Annual General Meeting will be issued in both electronic format (Eg. Bursa website and company website) and hardcopy (Eg. Newspaper).</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

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	:	All the Directors have attended the Tenth (10 th) Annual General Meetings to discuss and address the shareholders on the questions raised on financial performance and other related matters pertaining to the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate—

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The 10 th Annual General Meeting (AGM) held physically.	
		<p>There are approximately 3,000 shareholders in the Company.</p> <p>To promote participation of shareholders in remote locations through proxy(ies), the Company's Constitution includes explicit right of proxy(ies) to speak at general meetings, to allow a member who is an exempt authorized nominee to appoint multiple proxies for each omnibus account it holds and imposes no restriction on proxy's qualification.</p> <p>The Company also decided that the appointment of proxy(ies) was made electronically via Share Registrars' website, TIIH Online at https://tiih.online.</p>	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	As stated above	
Timeframe	:	Others	Under review.

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	The Board recognises the importance of general meetings in creating a meaningful communication between the Board, Senior Management and Shareholders. At AGM of the Company, the Chairman ensures that shareholders have the opportunity to participate effectively in these meetings.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>			
Application	:	Not applicable – only physical general meetings were conducted in the financial year	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	No matters were raised by the shareholder on all agenda items as set out in the Notice of Tenth (10 th) AGM dated 27 September 2022. The publication of Key Matters discussed in general meeting is made available on the Company's website at www.solidautomotive.com no later than 30 business days after the general meeting. The Key Summary Matters should entail a concise yet comprehensive recording of the general meeting detailing proceedings and issues or concerns raised by shareholders and the responses by the company.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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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