

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5273  
**COMPANY NAME** : CHIN HIN GROUP BERHAD  
**FINANCIAL YEAR** : December 31, 2023

## OUTLINE:

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

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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 Group is headed by a Board who is collectively responsible for meeting the Group's long-term goals and objectives. To ensure these are achieved, the Board establishes the strategic directions and targets for Senior Management and monitors the achievement of those goals and targets.</p> <p>The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group's affairs. Hence, to develop corporate objectives and position descriptions including the limits to management's responsibilities, which the management is aware and are responsible for meeting.</p> <p>The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long-term viability of the Group.</p> <p>Annual Business Plans had been prepared for the Group and its respective Business Units and the Board is responsible for the oversight and monitoring for the achievement of the Business Plan. The Business Plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.</p> <p>The roles and responsibilities of the Board are clearly defined in the Board Charter, which is available on the Company's website at <a href="http://www.chinhingroup.com">www.chinhingroup.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

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is currently chaired by Datuk Seri Chiau Beng Teik, JP, the Executive Chairman of the Company.</p> <p>The Chairman is responsible for the Board's effectiveness and conduct, implementing the Group's policies, business plans and executive decision making and is assisted by the Executive Directors. The Chairman also promotes an open environment for debate and ensures effective contributions from Non-Executive Directors. He also exercises control over the quality, quantity and timeliness of information flow between the Board and management. Together with the other Independent Non-Executive Directors, he leads the discussion on the strategies and policies recommended by the management.</p> <p>The key roles and responsibilities of the Chairman are set out in the Board Charter of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>During the financial year under review, the positions of the Chairman and the Group Managing Director are held by different individuals.</p> <p>The Group has a clear distinction and separation of roles between the Chairman and the Group Managing Director, with clear division of responsibilities in order to ensure a clear balance of power between the Chairman and the Group Managing Director.</p> <p>The Chairman is primarily responsible for the governance and management of the Board, and also serves as the communication point between the Board and the senior management.</p> <p>The Group Managing Director and his management team are responsible for implementing the strategic objectives and achieving the targets set by the Group, with clear authority delegated by the Board.</p> <p>The roles and responsibilities of the Chairman and Group Managing Director are further set out in the Board Charter of the Company.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 1.4

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

<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>	:	In line with the recommendation of the MCCG, Datuk Seri Chiau Beng Teik, JP, the Executive Chairman of the Company, is not a member of the Audit Committee, Nomination Committee or Remuneration Committee of the Company.
<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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's Constitution, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.</p> <p>The Company Secretaries attend Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 1.6

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

Application	:	Applied	
Explanation on application of the practice	:	Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers will be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board paper and seek for any clarification as and when they may need advice or further explanation from management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries. Minutes of meetings are circulated and confirmed as a correct record by the Board and Board Committees at the next meeting.	
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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As part of the governance process, the Board has adopted a Board Charter which serves as a source of reference for the Directors. The Board Charter establishes the respective roles and responsibilities of the Board, Board Committees and individual directors providing among others, guidance and clarity on the Board's roles and responsibilities as well outlining the issues and decisions which are reserved to be made solely by the authority of the Board.</p> <p>The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. A copy of the Board Charter is available on the Company's website at <a href="http://www.chinhingroup.com">www.chinhingroup.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

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 Group has an established Code of Conduct and Ethics ("the Code") that applies to all Directors and employees of the Group.</p> <p>The Code is guided by the Group's Core Values as follows:</p> <ul style="list-style-type: none"><li>• Fulfilled balance life;</li><li>• Do the right things;</li><li>• Exceed expectation;</li><li>• Treat everyone like family;</li><li>• Influence and inspire others;</li><li>• Embrace change and innovation; and</li><li>• Be open and willing to share.</li></ul> <p>The Group's Employee Engagement Team conducts regular engagement, dialogue and training programs in order to inculcate the core values as the Corporate Culture of the Group.</p> <p>All employees are required to read, understand and abide by the Code and the Code will be reviewed from time to time by the Board. The Code describes measures put in place to handle issues relating to:</p> <ul style="list-style-type: none"><li>• Conflicts of interest;</li><li>• Corrupt practices which include the offering and acceptance of gifts and/or other forms of benefits;</li><li>• Unlawful and unethical behavior;</li><li>• Protection and proper use of company assets; and</li><li>• Compliance with laws, rules and regulations.</li></ul> <p>A copy of the Code is available for reference at the Company's website at <a href="http://www.chinhingroup.com">www.chinhingroup.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

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 formalised a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices. The policy is a specific mean by which an employee can exercise their responsibility to report or disclose through established channels, their legitimate concerns regarding any unethical conduct, illegal acts or failure to comply with the Company's policies and regulatory requirements responsibly and sensibly.</p> <p>A copy of the Whistle-blowing Policy is available at the Group's website at <a href="http://www.chinhingroup.com">www.chinhingroup.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

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

### Practice 4.1

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company is committed to adhering to all standards of upright business conduct through integrity, transparency with a constant and growing progression towards excellence in every area of business conduct. To this end, the Board is in place the ESG Policy and Sustainability Policy, embedding the principles of sustainability into the Group's business operations.</p> <p>The policies outlines the general principles and structures of the foundations that govern the sustainability strategy of the Group to ensure that all its corporate activities and businesses are carried out while enhancing the sustainable creation of value for shareholders and taking into account the other stakeholders related to its business activities, natural resources, society and neighbouring communities, promoting the values of sustainability, integration and dynamism, favouring the achievement of the sustainable development goals.</p> <p>The Board fulfils its responsibilities by delegating to the senior management which comprises representatives from various business units. The senior management is responsible for implementing, overseeing and addressing all sustainability related issues from stakeholders and updating the Board on the Group's sustainability management performance, key material issues identified by stakeholders and planned follow-up measures.</p> <p>The ESG Policy and Sustainability Policy adopted by the Board can be found at the Company's website at <a href="http://www.chinhingroup.com">www.chinhingroup.com</a>. The details of the sustainability effort are presented in the Sustainability Statement of this Annual Report.</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

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

### Practice 4.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has established an Environmental, Social and Governance ("ESG") Policy to be complied by the Directors and employees of Chin Hin Group as a whole, including its subsidiaries.</p> <p>At those companies in which the Group has an interest but that do not form a part thereof, the Company will promote, through its representatives on the boards of directors thereof, the alignment of their own policies with those of the company, such that they adhere to principles and guidelines that are consistent with those established in the ESG Policy and in the environmental, social and corporate governance and regulatory compliance policies in further development thereof. The Group also committed to cascade its sustainability commitment, practices and culture to its extended business partners, suppliers and contractors.</p> <p>The ESG Policy are made available for reference by all employees, officers and directors of the Group as well as stakeholders and public in the Company's website, <a href="http://www.chinhingroup.com">www.chinhingroup.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

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

### Practice 4.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board and management integrated sustainability considerations into all business decisions, functions and work processes, with the aim of creating value and contributing to sustainable development.</p> <p>The Board has in place policies and guidelines with integration of Environmental, Social and Governance (“ESG”) elements to promote good corporate governance culture within the Group and embedding sustainability principles into business operation. These include ESG Policy, Sustainability Policy, Code of Conduct and Ethics, Whistleblowing Policy and Anti-Bribery and Corruption Policy.</p> <p>The Board has delegated its sustainability responsibilities to the management. The management has been actively reviewing and monitoring sustainability initiatives to ensure alignment with the Company’s business goals. The management also diligently ensure that the Company’s conduct is in line with the Malaysian Code on Corporate Governance, Bursa Malaysia Securities Berhad’s Listing Requirements, Securities Commission Act, Companies Act 2016 and other local laws.</p> <p>The Board and management continue to advocate the element of sustainability within our business, the Company will stay committed to developing and enhancing our practices and initiatives.</p> <p>Further details are set out in the Sustainability Statement in the Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

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

### Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	The Board Assessment and Evaluation for financial year ended 31 December 2023 included assessment on Board’s evaluation and understanding on Environmental, Social and Governance (“ESG”) and sustainability issues that are relating to the Group.	
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 4.5- 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 ("NC") is empowered by the Board to review and evaluate the composition and performance of the Board annually as well as assessing qualified candidates to occupy Board positions. In executing its role to create and maintain a diverse Board, the NC adheres to the recruiting and sourcing process that seeks to include diverse candidates in any director search. The NC, also assesses the appropriate mix of diversity including gender, age, skills, experience and expertise required on the Board and address gaps, if any.</p> <p>During the financial year, the NC had reviewed the composition of the Board in respect of its structure, size and the required mix of skills and experience; assessed the independence of the Independent Directors; and assessed and evaluated the performance of the Board, Board Committees and individual directors.</p> <p>During the financial year under reviewed, the NC, had reviewed and recommended Chiau Haw Choon and Shelly Chiau Yee Wern, to be retired in accordance with the Constitution of the Company. The NC assessed the respective directors' eligibility for re-election by considering their competencies, time commitment, contribution and their ability to act in the best interest of the Company. Based on the satisfactory evaluation of the respective director's performance and contributions to the Board, the NC then make recommendation to the Board their re-election at the Ninth (9<sup>th</sup>) Annual General Meeting held on 30 May 2023. During the Ninth (9<sup>th</sup>) Annual General Meeting held on 30 May 2023, the shareholders has approved their re-election as directors of the Company.</p> <p>Upon assessment of independence of the Independent Directors, the tenure of individual Independent Directors would be presented to the NC for review annually. As at 31 December 2023, none of the Independent Directors had served the Company for more than 9 years as per the recommendations of MCCG.</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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>As of 31 December 2023, 50% of our Board members are Independent Non-Executive Directors which comprising an Executive Chairman, 2 Executive Directors and 3 Independent Non-Executive Directors.</p> <p>The Board is mindful of the MCCG's recommendation which stated that for Large Companies, the Board shall comprise a majority of independent director. Although increasing number in the Independent Directors may provide more fresh ideas and viewpoints to the Board, the Board is of the view that there is balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objective as the Independent Non-Executive Directors of the Company have strong personalities with high levels of integrity and play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. Further, all the Independent Non-Executive Directors are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations.</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>	:	As recommended by the MCCG of which the Board shall comprise a majority of independent director, the Board will evaluate and match the criteria of the potential candidate as well as considering the appointment of additional independent director as and when suitable candidates identified and circumstances permit.
<b>Timeframe</b>	:	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 5.3

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>As at 31 December 2023, the Company does not have any independent director serving beyond 9 years.</p> <p>The Board will observe the recommendation by the MCCG on the tenure of service of Independent Directors shall not exceed a cumulative term limit of 9 years. In the event that the Board intends to retain the Director as Independent Director after he/she has served a cumulative term of 9 years, the Board must justify the decision and seek shareholders' approval through a two-tier voting process at a general meeting to retain him/her as an Independent Director.</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.

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

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

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the Nomination Committee ("NC") of the Company. As a whole, the Company maintains a very lean number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with the Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NC. The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.</p> <p>Generally, the Board adopts a flexible approach when selecting and appointing new directors depending on the circumstances and timing of the appointment. The NC will help assess and recommend to the Board, the candidature of directors, the appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.</p> <p>In assessing suitability of candidates, consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of the Business, the Markets and the Industry in which the Group operates and the accounting, finance and legal matters.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

### Intended Outcome

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Currently, the sources to identify suitably qualified candidates for appointment of directors are on recommendations from existing Board members, senior management or major shareholders. However, the Board and the Nomination Committee would not hesitate to utilise independent sources to identify suitably qualified candidates, where necessary.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee ("NC") would carry out formal assessment evaluation the performance as well as identifying any gaps or areas of improvement of the Individual directors, Board and Board Committee annually. The NC also would identify the directors to be retired ("Retiring Directors") by rotation in accordance with the Constitution of the Company and assess the Retiring Directors' eligibility for re-election by considering their competencies, time commitment, contribution and their ability to act in the best interest of the Company. Based on the satisfactory evaluation of the respective director's performance and contributions to the Board, the NC then recommend to the Board the re-election of the Retiring Directors at the forthcoming Annual General Meeting ("AGM").</p> <p>The Board endorsed recommendation of the NC after reviewing the performance evaluation of the Retiring Directors, that the Retiring Directors to be considered for re-election at the forthcoming AGM.</p> <p>A statement of the Board is satisfied with the performance evaluation of the Retiring Directors, hence endorsed the recommendation of the NC for the Retiring Directors to be considered for re-election pursuant to the Company's Constitution at the AGM, is disclosed in the Explanatory Notes of the Notice of AGM enclosed in the Company's Annual Report.</p> <p>The details of the respective directors to be retired during the AGM were disclosed in the Profiles of Directors in the Company's Annual Report including their age, gender, position in the Company, qualification, working experience, expertise, any position in Board Committee, any conviction of offence in the past 5 years and any conflict of interest with the Company. The shareholdings of the Retiring Directors were disclosed in the Statistics of Shareholdings in the Company's Annual Report.</p>

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

**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee is chaired by Datuk Hj. Mohd Yusri Bin Md Yusof, an Independent Non-Executive Director of the Company.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Currently, our Board comprise of one (1) female director, representing approximately 16.7% of the total number of the Board.</p> <p>The Board is aware of the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. The Board had adopted the Board Diversity Policy which sets out the Company's approach to diversity on the Board of CHGB. The Board together with the Nomination Committee will assess and evaluate current diversity levels, identify and analyse gaps and criteria for new board appointments, and thereafter recommend the strategies, objectives, targets and practical goals against an indicative time frame in order to maintain an appropriate range and balance of skills, experience and background on the Board. The Group will evaluate the suitability of candidates as a new Board member or as a member of the workforce based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. Equal opportunity is given and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.</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>	:	As recommended by the MCCG of at least 30% representation of women on Board, the Board will evaluate and match the criteria of the potential candidate as well as considering the appointment of female director onto the Board in future to bring about a more diverse perspective.
<b>Timeframe</b>	:	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 5.10**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board had adopted the Board Diversity Policy which sets out the Company’s approach to diversity on the Board of CHGB. The Board together with the Nomination Committee will assess and evaluate current diversity levels, identify and analyse gaps and criteria for new board appointments, and thereafter recommend the strategies, objectives, targets and practical goals against an indicative time frame in order to maintain an appropriate range and balance of skills, experience and background on the Board. The Group will evaluate the suitability of candidates as a new Board member or as a member of the workforce based on the candidates’ competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. Equal opportunity is given and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.	
<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

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>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: Currently, the Nomination Committee would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self-assessment approach on an annually basis.
	The Nomination Committee would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self-assessment approach on an annually basis. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the forthcoming Annual General Meeting of the Company, with a view to meeting current and future requirements of the Group.
	The criteria used by the Nomination Committee in evaluating the performance of an individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. The results of the evaluation were summarised by the Company Secretary and discussed by the Nomination Committee which were then reported to the Board.
	Based on the assessment conducted for the financial year ended 31 December 2023, the Board and the Nomination Committee is satisfied with the current composition of Board members and believes that it is well balanced with the right mix of high-calibre individuals with the necessary skills and qualifications, credibility and independence to discharge its duties and responsibilities effectively.

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

<b>Measure</b>	:	As recommended by the MCCG, the Board will engage an independent expert at least once every three (3) years to facilitate the objective and candid board evaluation.	
<b>Timeframe</b>	:	Within 3 years	

### Intended Outcome

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

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

### Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a Remuneration Policy to ensure the payment of equitable, competitive remuneration to the Directors and senior management of the Company which is based on individual performance, Company's benchmark, industry practices and performance of the Group as a whole.</p> <p>The Board believes in a Remuneration Policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.</p> <p>The principal objective of Remuneration Committee is to evaluate, deliberate and recommend to the Board a remuneration policy for Executive Directors that is fairly guided by market norms and industry practice. The Remuneration Committee also recommends the Executive Directors' remuneration and benefits based on their individual performances and that of the Group.</p> <p>The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees and other</p>

	benefits payable are to be approved by shareholders at the Annual General Meeting based on recommendations of the Board. A copy of the Company's Remuneration Policy is available on the Company's website at <a href="http://www.chinhingroup.com">www.chinhingroup.com</a> .	
<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 7.2

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>In line with the MCCG, the Board has established the Remuneration Committee (“RC”) which comprise majority of Independent Non-Executive Directors, with the responsibilities to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors.</p> <p>The Terms of Reference of the RC can be viewed at the Company’s website at <a href="http://www.chinhingroup.com">www.chinhingroup.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**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) and categorised into appropriate components for the financial year ended 31 December 2023 were disclosed in the page 82 of the Company's 2023 Annual Report.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Seri Chiau Beng Teik, JP	Executive Director	0	0	0	0	0	0	0	0	0	195	0	0	10	205
2	Chiau Haw Choon	Executive Director	0	0	0	0	0	0	0	0	0	1,482	550	0	391	2,423
3	Shelly Chiau Yee Wern	Executive Director	0	0	252	20	0	34	306	0	0	539	20	0	70	629
4	Datuk Cheng Lai Hock	Independent Director	60	0	0	0	0	15	75	96	0	0	0	0	17	113
5	Yeoh Chin Hoe	Independent Director	60	0	0	0	0	15	75	60	0	0	0	0	15	75
6	Datuk Hj Mohd Yusri Bin Md Yusof	Independent Director	60	0	0	0	0	15	75	96	0	0	0	0	17	113
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>The Company opts not to disclose the Senior Management's remuneration components (salary, bonus, benefits-in-kind and other emoluments) on a named basis as it is not in the best interest of the Company and Senior Management personnel to disclosure of their personal data to the public at large.</p> <p>The top five (5) senior management of the Company (including its directly held subsidiary) are Mr Chiau Haw Choon, Mr Ng Wai Luen, Mr Roger Lim Swee Kiat, Mr Ngian Siew Siong and Mr Lim Yoke Tuan (Michael), their profile is presented separately on pages 69 to 71 in this Annual Report. The total remuneration of these top five (5) senior management was RM7,109,169 representing 5.54% of the total employees' remuneration of the Group for the financial year ended 31 December 2023.</p> <p>The remuneration of the aforesaid top five (5) senior management is a combination of annual salary, benefits-in-kind and other emoluments which are determined in a similar manner as other management employee of the Company. This is based on their individual performance and the overall performance of the Company. The basis of determination has been applied consistently from previous year.</p> <p>The Company notes the need for corporate transparency in disclosing the details of the remuneration of its top five (5) senior management, however, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure may be detrimental to the business interests and give rise to recruitment and talent retention issues. Thus, the Company is of the view that the interest of the shareholders will not be prejudiced as a result of the non-</p>

	<p>disclosure of the full details of the top five (5) senior management personnel who are not Directors of the Company.</p> <p>The Board is of the opinion that disclosure of remuneration of the Directors of the Board by appropriate components and the top five (5) senior management's total combined remuneration package should meet the intended objectives of the MCCG and the interest of the shareholders will not be prejudiced as a result of non-disclosure of the five (5) key senior management on named basis.</p>			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>				
<b>Measure</b>	:	<p>As explained above, the Company opts not to disclose the Senior Management's remuneration components (salary, bonus, benefits-in-kind and other emoluments) on a named basis as it is not in the best interest of the Company and Senior Management personnel to disclosure of their personal data to the public at large.</p> <p>The Board is of the opinion that disclosure of remuneration of the Directors of the Board by appropriate components and the top 6 senior management's total combined remuneration package should meet the intended objectives of the MCCG and the interest of the shareholders will not be prejudiced as a result of non-disclosure of the key senior management on named basis.</p>		
<b>Timeframe</b>	:	<table><tr><td>Others</td><td>Not Applicable</td></tr></table>	Others	Not Applicable
Others	Not Applicable			

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>In line with the best practices of MCCG, the Board has set up the Audit Committee (“AC”) which comprising exclusively of Independent Non-Executive Directors and the Chairman of the AC is not the Chairman of the Board.</p> <p>The AC is chaired by the Senior Independent Non-Executive Director, Mr Yeoh Chin Hoe. Meanwhile, the Chairman of the Board is Datuk Seri Chiau Beng Teik, JP.</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 9.2

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>	:	Chin Hin recognised the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the Audit Committee of the Company were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least 3 years in the event any potential candidate to be appointed as a member of the Audit Committee was a key audit partner of the external auditors of the Group.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Audit Committee and the Board's attention.</p> <p>The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.</p> <p>To assess or determine the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of, among others, the following:</p> <ul style="list-style-type: none"><li>i) the adequacy of the competency, experience and quality of the External Auditors;</li><li>ii) the External Auditor's resource capacity and ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;</li><li>iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and</li><li>iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.</li></ul> <p>Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the Annual General Meeting on the recommendation of the Audit Committee and the Board. The</p>

	<p>External Auditors are being invited to attend the Annual General Meeting of the Company to respond and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.</p> <p>Where necessary, the Audit Committee will meet with the External Auditors without the presence of Executive Directors and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the Audit Committee are duly recorded by the Company Secretaries.</p> <p>In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 December 2023. In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors will highlight their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors.</p> <p>The Audit Committee had assessed the independence of Messrs UHY as External Auditors of the Company as well as reviewed the level of non-audit services rendered by Messrs UHY to the Company for the financial year ended 31 December 2023. The Audit Committee had obtained written assurance from Messrs UHY confirmed that they are, and have been independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.</p> <p>The Audit Committee is satisfied with the competence and independence of Messrs UHY for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs UHY as the External Auditors of the Company for the financial year ending 31 December 2024.</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>	:	In line with the best practices of MCCG, the Board has set up the Audit Committee which comprising exclusively of Independent Non-Executive Directors.

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.5

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

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

Application	:	Applied	
Explanation on application of the practice	:	Collectively, the members of the Audit Committee (“AC”) have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the AC. The qualification and experience of the individual AC members are disclosed in the Board of Directors’ Profile on pages 65 to 67 of the Annual Report. During the financial year ended 31 December 2023, all members of the AC had undertaken the relevant training programmes to keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to discharge their duties effectively.	
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 10.1

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 Group is fully aware of its overall responsibility to continuously maintain a sound system for risk management and internal controls which covers financial, operational and compliance. With this in mind, the Group has established an internal control system and risk management framework which is adopted by Group and all its business units to ensure the effectiveness of identification, analysis, assessment, monitoring and communication of risks and internal control issues that will allow the Group to safeguard shareholders investments and assets by mitigating losses and maximising opportunities.</p> <p>The Group's Risk Management framework consists of a formal Risk Management Structure that includes the following:</p> <ul style="list-style-type: none"><li>i) Board Risk Management Committee;</li><li>ii) Group Risk Management Working Committee; and</li><li>iii) Business Unit Risk Management Committee.</li></ul> <p>The information on the Group's risk management and internal control is further elaborated in pages 89 to 90 on the Statement on Risk Management and Internal Control of the Company's Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 Group's Risk Management framework consists of a formal Risk Management Structure that includes the following:</p> <p>(i) Board Risk Management Committee:</p> <ul style="list-style-type: none"><li>• 3 Independent Directors</li></ul> <p>(ii) Group Risk Management Working Committee:</p> <ul style="list-style-type: none"><li>• Group Managing Director (GMD)</li><li>• Executive Director</li><li>• Group Chief Finance Director (CFO)</li><li>• Division Group Chief Executive Officers (CEOs)</li><li>• CFOs</li><li>• Head Governance, Risk and Compliance</li></ul> <p>(iii) Business Unit (BU) Risk Management Committee:</p> <ul style="list-style-type: none"><li>• Chief Executive Officers (CEOs) of Business Units</li><li>• Head of Departments</li></ul> <p>The information on the Group's risk management and internal control is further elaborated in pages 89 to 90 on the Statement on Risk Management and Internal Control of the Company's Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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>	:	In line with the best practices of MCCG, the Board has set up the Risk Management Committee which comprising exclusively of the Independent Non-Executive Directors.

## 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>During the financial year ended 31 December 2023, the Group has established an in-house Governance Risk &amp; Compliance (“GRC”) team that reports directly to the Audit Committee (“AC”) and assists the AC in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.</p> <p>The AC approved the internal audit plan presented by the GRC team. The internal audit plan is derived based on a risk-based assessment of all units and operations of the Group. The internal audit reports highlight any deficiencies or findings which are discussed with the management and relevant action plans agreed upon and to be implemented. Significant findings are presented in the Audit Committee meetings for consideration and reporting to the Board. A follow-up audit review will also be conducted to determine whether all audit recommendations are effectively implemented.</p> <p>During the financial year under review, the AC had reviewed and evaluated the Internal Audit Reports (“IAR”) pertaining to the internal control of the following areas of the Group prepared by the GRC team:</p> <ul style="list-style-type: none"><li>i) Anti Bribery and Corruption Policy Review</li><li>ii) Production Planning Process</li><li>iii) Sub-Contractor Management</li><li>iv) Sales Order Processing</li><li>v) Inventory Control and Management</li></ul> <p>The IAR on audit findings, description, implication, recommendations to improve any weaknesses or non-compliance and the management action plan and comments thereto were tabled to the AC for their review and deliberations. The management was invited to attend the meetings as and when necessary, to brief the AC on matters relating to their areas of responsibility.</p> <p>Some weaknesses in internal control were identified for the year under review and measures have been or are being taken to address these weaknesses. The GRC team monitored the implementation of management’s action plan on outstanding</p>

	<p>issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.</p> <p>Based on the internal audit review conducted by the GRC team, the AC and the Board is of the view that there is no significant breakdown or weaknesses in the systems of internal controls of the Group that may result in material losses incurred by the Group for the financial year ended 31 December 2023.</p> <p>The AC and the Board further agreed that the internal audit review was done in accordance with the audit plan and the coverage is adequate.</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

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>During the financial year ended 31 December 2023, the Group has established an in-house Governance Risk &amp; Compliance (“GRC”) team that reports directly to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.</p> <p>The in-house GRC team is led by Mr Benedict Lee who is CMIA CGP. For each internal audit review, a team of 8 internal audit personnel will be assigned to undertake the review in accordance with the internal audit plan approved by the Audit Committee. The GRC team are free from any relationships which could create a conflict of interest and which could impair their objectivity and independence. The internal audit function adopts an internal audit framework with processes based on standards of the International Professional Practices Framework (“IPPF”) recommended by the Institute of Internal Auditors Malaysia.</p> <p>In order to act independently from the management, the GRC team will report directly to the Audit Committee and assists the Audit Committee in monitoring and reviewing the effectiveness of the risk management, internal control and governance process within the Group.</p> <p>The Audit Committee approved the internal audit review plan presented by the GRC team. The internal audit plan is derived based on a risk-based assessment of all units and operations of the Group. The internal audit reports highlight any deficiencies or findings which are discussed with the management and relevant action plans agreed and to be implemented. Significant findings are presented in the Audit Committee meetings for consideration and reporting to the Board. A follow up audit review is also conducted to determine whether all audit recommendations are effectively implemented.</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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges the importance of on-going engagement and communication with stakeholders and to ensure that communication is timely, regular, transparent and effective.</p> <p>The Group has established a dedicated section for Investor Information on the Group’s website at <a href="http://www.chinhingroup.com">www.chinhingroup.com</a> where shareholders as well as members of the public may access the latest information on the Group. Information is also communicated through the following channels:</p> <ul style="list-style-type: none"><li>i) Various disclosures and announcements to Bursa Securities including quarterly results;</li><li>ii) Press releases and announcements to Bursa Securities and to the Media;</li><li>iii) Publication of the Group’s Annual Report;</li><li>iv) Dialogues with shareholders, potentials investors and analysts and fund managers;</li><li>v) Conduct Annual General Meetings; and</li><li>vi) Social media and other electronic channels.</li></ul>	
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 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>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group's annual report for the financial year ended 31 December 2023 adopts partly the Integrated Reporting approach which covers how the Group's strategy, performance, governance and future business prospects are connected towards achieving value creation for its shareholders.	
<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.

Application	:	Applied	
Explanation on application of the practice	:	<p>As recommended by the MCCG, the notice of Annual General Meeting (“AGM”) will be despatched to shareholders at least 28 days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements.</p> <p>The Notice of Ninth (9<sup>th</sup>) AGM held on 30 May 2023 was issued the shareholders on 28 April 2023, which is more than 28 days before the Ninth (9<sup>th</sup>) AGM.</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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	At the Ninth (9 <sup>th</sup> ) AGM of the Company held on 30 May 2023, all the Directors including the chairman of respective Board Committees have attended the Ninth (9 <sup>th</sup> ) AGM to engage directly with shareholders, and be accountable for their stewardship of the Company.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate—

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Annual General Meetings ("AGM") of the Company are always held at an easily accessible venue to facilitate high shareholders' attendance. Shareholders who are unable to attend general meetings may appoint any persons as their proxies to attend, speak and vote on their behalf at the general meetings in accordance with the relevant provisions of the Constitution.</p> <p>At its Ninth (9<sup>th</sup>) AGM held on 30 May 2023, the Company had leveraged technology to convene its AGM as a virtual meeting conducted via live streaming, where members had joined the AGM online, and also voted electronically using the Remote Participation and Voting ("RPV") facility.</p> <p>The shareholders were advised to take advantage of the RPV facility and the detailed procedures were provided to shareholders in the Administrative Guide to shareholders available on the Company's website.</p> <p>Shareholders who had registered to participate in the AGM had participated remotely via live streaming at the AGM. At the same time, they cast their votes online until the close of the voting session.</p> <p>The electronic polling process was conducted by Agmo Digital Solutions Sdn. Bhd., the Poll Administrator and results of the poll was verified by the Scrutineers, Aegis Communication Sdn. Bhd.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 13.4

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

*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.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At the Ninth (9<sup>th</sup>) Annual General Meeting ("AGM") held on 30 May 2023, the Company had leveraged technology to convene its AGM as a virtual meeting conducted via live streaming, where members had joined the AGM online, and also voted electronically using the Remote Participation and Voting ("RPV") facility provided by Agmo Digital Solutions Sdn. Bhd. via its Vote2U Online website at <a href="https://web.vote2u.my">https://web.vote2u.my</a>.</p> <p>Shareholders and proxies were able to submit their questions electronically via Vote2U Online website before and during the AGM.</p> <p>All Directors including the chairman of respective Board Committees attended virtual AGM to engage directly with the shareholders. The Group's senior management, External Auditors and Company Secretaries were also attended the AGM to answer queries or issues raised by the shareholders relating to Group's financial performance and business operations.</p> <p>The Chairman of the meeting also plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Senior Management. Shareholders are encouraged to present their views or to seek clarification on the proposed resolution and/or progress, performance and major developments of the Company by participating in the questions and answers session during the AGM.</p> <p>The Chairman will provide sufficient time to shareholders to raise questions and would respond to the shareholders with regards to their concern and questions raised accordingly. The Chairman had assigned the Executive Directors and Senior Management of the Company to answer the questions raised by shareholders/proxies. Most of the questions received from the shareholders/proxies were answered during the AGM. Whereby for lengthy questions or questions that required more time and</p>

	more information, the management provided answers via email to the respective shareholders/proxies at earliest possible, after the meeting. All questions and answers received were recorded in the minutes of Ninth (9 <sup>th</sup> ) AGM, which is accessible in the Company's website.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Ninth (9<sup>th</sup>) AGM of the Company which was held on 30 May 2023 was conducted by way of virtual meeting and entirely via the Remote Participation and Voting ("RPV") Facilities.</p> <p>The Company had provided an Administrative Guide to the shareholders, which set out the procedures and requirements for RPV facilities. Shareholders and proxies that successfully registered for RPV were able to submit their questions electronically via Vote2U Online website before and during the AGM.</p> <p>Shareholders/proxies had joined the AGM online, and also voted electronically using the RPV facility provided by Agmo Digital Solutions Sdn. Bhd. via its Vote2U Online website.</p> <p>All questions posed by shareholders were visible to all meeting participants during the meeting itself via the RPV facility. The Chairman had assigned the Executive Director and Senior Management to answer all the questions raised. For questions that need more time and more information, the management had replied via email to the respective shareholders/proxies after the meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.6

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>	:	In line with the recommendation of MCCG, the minutes of the Ninth (9 <sup>th</sup> ) AGM held on 30 May 2023 had been posted on the Company's website for public viewing within 30 business days after the 9 <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.*

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