

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5094  
**COMPANY NAME** : CSC STEEL HOLDINGS BERHAD  
**FINANCIAL YEAR** : December 31, 2023

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is entrusted with and is responsible for the Group's overall strategy, growth and direction including its business and financial performance. The Board provides direction and guidance to management and has effective control of the Group. It maintains control of the Group's activities through the matrix of authority filtered down to the various components of the Group and the Group Managing Director ("Group MD"), assisted by the management team, and is responsible for ensuring the Board's effectiveness in conducting its business and in fulfilling its responsibilities to stakeholders.</p> <p>The Group MD oversees to the day-to-day operations and implementation of the Board's corporate and operational policies and strategies.</p> <p>Matters reserved for the Board as disclosed in the Board Charter of the Company, the text of which is found in the Company's website at <a href="http://www.cscmalaysia.com">www.cscmalaysia.com</a>, include approval of the interim and annual results; reviewing the adequacy and integrity of the management information, risk management and internal controls system of the Group; evaluating and approving major capital expenditure including significant acquisitions and disposals and all major corporate transactions; long term planning and direction of the Group among others.</p> <p>Certain responsibilities of the Board are delegated to the Audit Committee ("AC") and Nominating Committee ("NC") which operates within clearly defined parameters as spelt out in the respective Committees' Terms of Reference, more details could be found in the Company's website at <a href="http://www.cscmalaysia.com">www.cscmalaysia.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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Board does not have a Chairman on the Board. The Chairman on the Board meeting is elected among the Board members appointed to chair the meeting on every Board of Directors' Meeting.</p> <p>The elected chairman during the Board meetings leads Board meetings discussions and encourages debate on issues and seeks views from the Directors on matters requiring decisions of the Boards.</p> <p>The Group MD is empowered to chair the Annual General Meeting ("AGM") of CSC Steel Holdings Berhad ("CHB" or "the Company") and provide responses to shareholders on issues raised by them.</p> <p>Apart from that, the Group MD also makes sure that relevant board governance is adhered to and there is reasonable interaction between the Board and Management as part of the effective decision making process.</p> <p>The Group MD is empowered to assume the responsibility as chairman on certain matters and to ensure good interactivity between Board members and also fair and smooth voting/decision making process is carried out.</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>	:	The Board will consider to appoint a Chairman if only they encounter difficulty and/or dispute from the current module.	
<b>Timeframe</b>	:	Choose an item.	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board does not have a Chairman on the Board since Mr. Chiu, Ping-Tung is appointed as Group MD of the Company on 1 June 2021.	
		The Group MD together with the top management are responsible for implementing policies and decisions of the Board and together, manages the day-to-day operations as well as oversee the overall development and implementation of the Group's business and corporate strategies.	
During each Board meeting, a Chairman will be elected among the Board members to ensure good interactivity between Board members and also fair and smooth voting/decision making process is carried out.			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Board will consider to appoint a Chairman if only they encounter difficulty and/or dispute from the current module.	
<b>Timeframe</b>	:	Choose an item.	

### Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Board does not have a Chairman on the Board. At every Board meeting, the Board will elect a Chairman among the Board members to chair the meeting. The elected Chairman of the Board is NOT a member of the AC and NC.
<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 two qualified and competent Company Secretaries. The Company Secretaries are member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and member of Licensed Secretaries by Companies Commission of Malaysia ("CCM") under Section 235(2)(a) of the Companies Act 2016 and had obtained their Practising Certificates under Section 241 of the Companies Act 2016. The Company Secretaries are responsible for providing support and guidance to the Board on issues relating to compliance with rules and regulations and relevant laws affecting the Company as well as the best practices on governance matters.</p> <p>The Board is regularly updated and appraised by the Company Secretaries on new regulation issued by the regulatory authorities. The Company Secretaries also serve notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares.</p> <p>The Company Secretaries roles include attending all Board meetings and Board Committees meetings whereby during such meetings, the Company Secretaries shall ensure that all issues being deliberated with the decision and conclusion reached are accurately and properly recorded. The Company Secretaries shall also record, prepare and circulate the minutes of the meetings of the Board and Board Committees and ensure that the minutes are kept at the registered office of the Company and readily available for inspection, if required. In addition, the Company Secretaries shall facilitate the Board in conducting the annual Board Effectiveness Assessment. Further, the Company Secretaries shall ensure that there are timely and appropriate information flows within and to the Board and Board Committees.</p> <p>The Company Secretaries constantly keep themselves abreast of the regulatory changes and development in governance through the updates from Bursa Securities, CCM and MAICSA in discharging their duties and responsibilities.</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

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

### Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>For financial year 2023, a total of five (5) scheduled Board meetings, five (5) scheduled AC meetings and one (1) NC meeting were held during the year.</p> <p>Each meeting is conducted in accordance with a structured formal agenda prepared by the Company Secretary in consultation with the management. The notice and agenda for each meeting is transmitted to each Board member at least seven (7) days in advance of the meeting followed by the soft copies of the relevant Board Papers, containing information pertinent to the matters to be deliberated at the forthcoming meeting and any other information the Directors may additionally require on the agenda items, to reach the Directors before the scheduled meeting.</p> <p>Besides the Company Secretary, Heads of the Finance Division, Production Division, Commercial Division and Corporate Planning Department of the Company attends each Board meeting, as well as every Audit Committee meeting, on the standing invitation of the Board during the financial year ended 31 December 2023. Other senior staff may also be invited to attend certain meetings if so required.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter serves as a primary reference for prospective and existing Board members of their fiduciary duties as Directors of the Company and the functions of the Board Committees. It sets out the key values, principles and ethos of the Group.</p> <p>The Board Charter, which aligns with Practice 2.1 of the MCGG, fundamental requirements of provision in the CA2016, MMLR, the Constitution of the Company and other applicable rules and regulations clearly sets out, among others:</p> <ul style="list-style-type: none"><li>i. roles of Group MD, Senior Independent Director, Individual Directors, the Company Secretary and the Board Committees;</li><li>ii. Number of Directors, Independent and Make-up, Tenure of Independent Directors, Appointments and Re-election to the Board, Director's Training and Board Meetings;</li><li>iii. Access to Information and Independent Advice;</li><li>iv. Matters Reserved for the Board;</li><li>v. Conflict of Interest and Transaction Involving Directors</li></ul> <p>The Board Charter is reviewed periodically to reflect changes to the Group's policies, TOR, procedures, and processes as well as the latest relevant legislations and regulations.</p> <p>The Board Charter was adopted by the Board on early 2014 and further updated in February 2022 and a copy of which is available on the Company's website at <a href="http://www.cscmalaysia.com">www.cscmalaysia.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 Company is committed to maintaining the highest standards of business ethics. The Code of Conduct serves as a guideline for all the employees to ensure the highest level of transparency and accountability within the organization and in our dealings with external parties.</p> <p><u>The Duties of the Board of Directors</u></p> <ul style="list-style-type: none"><li>• should have as their objective the pursuit of the Company's overall benefit, and must not damage Company's rights and interests for the benefit of a specific individual or specific group;</li><li>• should treat all stakeholders fairly;</li><li>• should faithfully execute their duties in the interests of the Company;</li><li>• shall bear the obligation to preserve the confidentiality of the Company's secret information, except when publication is authorized or required by law, and they must not use said secret information to seek personal gain for themselves or third parties;</li><li>• should respect the interests of its stakeholders including relationship with banks, creditors, employees, consumers, suppliers, subsidiary companies, and the community.; and</li><li>• should also observe laws concerning insider trading and other securities law concerning equity trading and the handling of confidential business information; such personnel who are in possession of important unpublished information must not engage in related securities trading.</li></ul> <p>The Code of Conduct and Ethics has been incorporated in the Board Charter and the Board Charter is published at Company's website at <a href="http://www.cscmalaysia.com">www.cscmalaysia.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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group's Whistleblowing Procedure provides an avenue for a whistle-blower to raise concerns about fraud, malpractices, illegal acts, improper conduct and other acts or omission which is against the interest of the Group. Concerns will be addressed according to procedures and feedback channels as determined in the policy.</p> <p>Contacts of the Whistleblowing Committee ("WBC") are available on Company's official website, homepage of the Company's ERP system (access restricted only to Company employees) and on the signboards that being placed at the security office and the entrances of employees' canteen. Whistleblowers can contact any of the WBC members through phone or email to make a complaint.</p> <p>The Anti-Bribery and Corruption and Whistleblowing Policy as well as Business Integrity Policy are published at Company's website at <a href="http://www.cscmalaysia.com">www.cscmalaysia.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 4.1

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has adopted a set of sustainable business practices that is in line with the philosophy of parent company, China Steel Corporation ("CSC") in Taiwan and the scope of Sustainability Statement covers the subsidiaries of CHB, namely CSC Steel Sdn. Bhd. and Constant Mode Sdn. Bhd. The sustainable business practices formed an integral part of the Group's day-to-day operation and it is one of the keys to ensure the Group's long-term goals and continuity are achievable.</p> <p>The Group has adopted a functional organisation structure for planning, organizing and executing the business operations to ensure its objectives are met. The duties are carried out with the core values of CSC Group in mind, namely Teamwork, Pursuit of Innovation, Down-to-Earthness and Entrepreneurial Approach.</p> <p>Apart from adopting the core values of CSC Group, the Group is also committed to complying with laws, respecting the culture and having a positive impact to the communities where we conduct our business. The Group is determined to deliver sustainable value through various aspects such as policies, objectives and strategies to all stakeholders and such strategies are led by the Board of Directors.</p> <p>For more details, please refer to the Sustainability Statement in the Annual Report on page 029 to 036.</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 4.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group has identified certain stakeholders that relevant to the daily operations which are shareholders and investors, government and regulators, customers, employees, community, suppliers and financial institutions.  As Group's business is classified as heavy industry, we are always concerned about the health and safety of our employees as well as protecting the environment. We are committed as a company and as individuals to complying with the laws, respecting the cultures and having a positive impact in the communities where we conduct our business.  During the year under review, the activities undertaken by the Group which relate to sustainability aspects, are disclosed in the Sustainability Statement of Annual Report on page 029 to 036.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.3

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board understands the sustainability issues that relevant to the business operation of the Group, including climate-related risks and opportunities.  The appropriate actions such as educating and ensuring the employees to fully comprehend with highest standards in all sustainability aspects and comply with the environmental laws and regulations are properly conducted by the Group.  For more details, please refer to the Sustainability Statement in Annual Report on page 029 to 036.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Group is aware of the new disclosure of the Practice 4.4 and would review and revise the performance evaluations of the Board for financial year 2024 to be in line with MCCG 2021.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The performance evaluation for financial year 2024 will include a review of the performance of the Board addressing the company's material sustainability risks and opportunities.	
<b>Timeframe</b>	:	Others	Please specify number of years.

**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 NC reviews and evaluates the performance of Individual Directors, the Board as a whole and the performance of its committees on an annual basis. The evaluation comprises of a Board Assessment, an Individual (Self &amp; Peer) Assessment, Board Committees' Assessment, and an Assessment of Independence of Independent Directors.</p> <p>The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committees and the Chairman's roles and responsibilities. The Board had also put in place performance assessment form for each Board Committees. For Individual (Self &amp; Peer) Assessments, the assessment criteria include core competencies of directors, integrity and time commitment, independence of Independent Directors, effectiveness of the Board as a whole, and the Board Committees, contribution to interaction, quality of inputs, and understanding of roles.</p> <p>The results of the assessment would also form the basis of the NC's recommendation to the Board for the re-election of Directors at the next forthcoming AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 5.2

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>In year 2023, The Board of CHB, comprises eight (8) Directors i.e. two (2) Executive Directors, three (3) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors.</p> <p>All three Independent Non-Executive Directors satisfied the independence test under the MMLR of Bursa Securities.</p> <p>The Board takes cognisance that the current composition of the Board is not aligned with the desired practice of at least half to comprise of independent directors.</p> <p>Currently the Non-Independent Non-Executive Directors of CHB are classified into two (2) groups:-</p> <ul style="list-style-type: none"><li>• Mr. Liu, Min-Hsiung and Mr. Huang, Chen-Jung are standing as board representatives of major shareholder of China Steel Corporation of Taiwan (“CSC”), its major and biggest shareholders of the Company.</li><li>• Brig. Gen (R) Dato’ Mohd Zaaba @ Nik Zaaba Bin Nik Daud do not have any direct or indirect interest in CHB and do not hold interest nor any directorships in the subsidiaries of CHB.</li></ul> <p>Although Brig. Gen (R) Dato’ Mohd Zaaba @ Nik Zaaba bin Nik Daud is Non-Independent Non-Executive Director, he is keen to express his opinions constructively during board meetings and help to reinforce the check and balance of Boards’ decision making process.</p> <p>The lack of majority independent directors in the current Boards composition does not jeopardise independent Boards’ deliberations and all decisions are made in the best interests of the Company.</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 the Board find the current composition does not affect the function and effectiveness of the Board as a whole, the adoption of desired practice will only be considered if there is difficulty/dispute/imbalance occurrence.

<b>Timeframe</b>	:	Others	Please specify number of years.
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**Intended Outcome**

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

**Practice 5.3**

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

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

<b>Application</b>	:	Not applicable - Step Up 5.4 adopted	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

### Practice 5.4 - Step Up

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

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: The Board has adopted 9 years and after the 12th year policy for independent non-executive directors and taking into account the need for progressive refreshing of the Board.  In year 2023, the Company did not have independent directors whom serve more than 9 years.

### 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 Board acknowledges the importance of gender diversity in Board and it had appointed Ms. Lim Lay Ching, a legal practitioner, and Ms. Siti Haliza Binti Md Taib, an accountant as its Independent Director to the Board in March 2015 and in July 2022 respectively.</p> <p>The Board has adopted a formal Diversity Policy and fulfil the requirement. The Diversity Policy is available on the Company's website: <a href="http://www.cscmalaysia.com">www.cscmalaysia.com</a>.</p> <p>The Group will continue to identify suitable candidates for appointment to the Board as and when vacancies arise.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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>	:	The proposed appointment of a new member to the Board is based on the recommendation of the Board and Professional Bodies.  Before any recommendation is made to the Board, the NC will evaluate the potential candidate according to the requirements 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

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 proposed appointment of a new member to the Board will be deliberated on by the full Board based upon the recommendation of the Nominating Committee ("NC"). The Board had established the Directors' Fit and Proper Policy in June 2022, as a guide for the NC to evaluate the candidates for filling the Board's vacancy.</p> <p>Before any recommendation made to the Board, the NC will evaluate a candidate by considering the following:-</p> <ul style="list-style-type: none"><li>• skills, knowledge, expertise and experience;</li><li>• character, integrity, professionalism;</li><li>• competence and time to effectively discharge his role; and</li><li>• in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability and commitment to discharge such responsibilities/ functions as expected from independent non-executive directors.</li></ul>
<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>	:	<p>The NC comprised wholly Non-Executive Directors, majority of whom are independent:-</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Designation in NC</th> <th>Directorship</th> </tr> </thead> <tbody> <tr> <td><b>Phong Hon Wai</b></td> <td>Chairman</td> <td>Senior Independent Non-Executive Director</td> </tr> <tr> <td><b>Lim Lay Ching</b></td> <td>Member</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td><b>Brig. Gen (R) Dato' Mohd Zaaba @ Nik Zaaba bin Nik Daud (resigned on 31 December 2023)</b></td> <td>Member</td> <td>Non-Independent Non-Executive Director</td> </tr> <tr> <td><b>Siti Haliza Binti Md Taib (appointed on 1 February 2024)</b></td> <td>Member</td> <td>Independent Non-Executive Director</td> </tr> </tbody> </table> <p>During the year, Mr. Phong Hon Wai had led the annual review of Board effectiveness for the financial year 2023, in order that independent assessment of the performance of each individual Director as well as of the Board as a whole are carried out amongst all the Board Members.</p>	Name	Designation in NC	Directorship	<b>Phong Hon Wai</b>	Chairman	Senior Independent Non-Executive Director	<b>Lim Lay Ching</b>	Member	Independent Non-Executive Director	<b>Brig. Gen (R) Dato' Mohd Zaaba @ Nik Zaaba bin Nik Daud (resigned on 31 December 2023)</b>	Member	Non-Independent Non-Executive Director	<b>Siti Haliza Binti Md Taib (appointed on 1 February 2024)</b>	Member	Independent Non-Executive Director
Name	Designation in NC	Directorship															
<b>Phong Hon Wai</b>	Chairman	Senior Independent Non-Executive Director															
<b>Lim Lay Ching</b>	Member	Independent Non-Executive Director															
<b>Brig. Gen (R) Dato' Mohd Zaaba @ Nik Zaaba bin Nik Daud (resigned on 31 December 2023)</b>	Member	Non-Independent Non-Executive Director															
<b>Siti Haliza Binti Md Taib (appointed on 1 February 2024)</b>	Member	Independent Non-Executive Director															
<b>Explanation for departure</b>	:																
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																	
<b>Measure</b>	:																
<b>Timeframe</b>	:																

### Intended Outcome

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>The Board acknowledges the importance of gender diversity in the Board.</p> <p>The Board has adopted a formal Diversity Policy and the Company has committed to ensure at least two female directors are appointed to serve the Board. The Diversity Policy is available on the Company's website at <a href="http://www.cscmalaysia.com">www.cscmalaysia.com</a>.</p> <p>As at 31 December 2023, there are two female Directors on the Board which accounts for 25% combination. However, the selection and appointment of a new Board member is mainly subjected to appropriate due diligence on the mix skills as well as the necessary diversities.</p> <p>The Board will take note of this gender diversity compliance and will do its best to meet with the nation's target</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>	:	The Board acknowledges the importance of gender diversity and will do its best to raise the female Board member percentage provided that the female candidate is fit for the Board upon considering the relevant factors.	
<b>Timeframe</b>	:	Others	Please specify number of 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>	:		
<b>Explanation for departure</b>	:	The Board has adopted a formal Diversity Policy and the Company has committed to ensure at least two female directors are appointed to serve the Board. The Board will disclose the salient terms of the Diversity Policy in its 2023 Annual Report.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Others	Please specify number of years.

### Intended Outcome

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

### Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The NC assesses the effectiveness of the Board as a whole and the contribution of each Board Committee as well as each individual director on an annual basis and to ensure that the Board and its respective Board Committees has the appropriate balance of expertise and ability.  The NC adopts the peer evaluation method to evaluate the performance of the directors of the Company. Annual review is conducted to assess the required mix of skills, experience and other qualities including core competencies which the executive and non-executive directors of the Company should bring to the Board, identify areas for improvement.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  



## Intended Outcome

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

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

## Practice 7.1

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board has not set up a Remuneration Committee, and the remuneration packages of the Executive Directors of the Company generally follow the Executive Compensation Package of the Group and to a certain extent, is dictated by market competitiveness and is tailored to retain and motivate the talents needed by the Group to effectively manage and operate the business of the Group.</p> <p>As for the Non-Executive Directors, Mr. Liu, Min-Hsiung and Mr. Huang, Chen-Jung who are standing as board representatives of major shareholder, CSC, have been compensated by CSC and did not receive any remuneration from the Company.</p> <p>Meanwhile, the Non-Executive Directors, Mr. Phong Hon Wai, Ms. Lim Lay Ching, Brig. Gen (R) Dato' Mohd Zaaba @ Nik Zaaba Bin Nik Daud and Ms. Siti Haliza Binti Md Taib have received the directors' fee determined by the Company followed by the shareholders' approval during AGM.</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 the Company having a non-complex composition of Board and having no dispute from the current practice, the Board will deliberate for setting up a remuneration committee if the need arises.
<b>Timeframe</b>	:	Others
		Ongoing

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Board has not set up a Remuneration Committee, and the remuneration packages of the Executive Directors of the Company generally follow the Executive Compensation Package of the Group and to a certain extent, is dictated by market competitiveness and is tailored to retain and motivate the talents needed by the Group to effectively manage and operate the business of the Group.</p> <p>As for the Non-Executive Directors, Mr. Liu, Min-Hsiung and Mr. Huang, Chen-Jung who are standing as board representatives of major shareholder, CSC have been compensated by CSC and did not receive any remuneration from the Company.</p> <p>Meanwhile, the Non-Executive Directors, Mr. Phong Hon Wai, Ms. Lim Lay Ching, Brig. Gen (R) Dato' Mohd Zaaba @ Nik Zaaba Bin Nik Daud and Ms. Siti Haliza Binti Md Taib have received the directors' fee determined by the Company followed by the shareholders' approval during AGM.</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 the Company having a non-complex composition of Board and having no dispute from the current practice, the Board will deliberate for setting up a remuneration committee if the need arises.	
<b>Timeframe</b>	:	Others	Please specify number of years.

**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 detailed disclosure on named basis of the remuneration of Directors during the financial year ended 31 December 2023, distinguishing between Executive and Non-Executive Directors are disclosed in this CG 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	Chiu, Ping-Tung	Executive Director	-	-	-	-	-	-	-	-	-	228	-	27	43	298
2	-Chen, Yi-Chien	Executive Director	-	-	-	-	-	-	-	-	-	122	-	24	21	167
3	Liu, Min-Hsiung	Non-Executive Non-Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Huang, Chen-Jung	Non-Executive Non-Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Phong Hon Wai	Independent Director	60	-	-	-	-	-	60	60	-	-	-	-	-	60
6	Brig. Gen. (R) Dato' Mohd Zaaba @ Nik Zaaba Bin Nik Daud	Non-Executive Non-Independent Director	48	-	-	-	-	-	48	48	-	-	-	-	-	48
7	Lim Lay Ching	Independent Director	48	-	-	-	-	-	48	48	-	-	-	-	-	48
8	Siti Haliza Binti Md Taib	Independent Director	48	-	-	-	-	-	48	48	-	-	-	-	-	48
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>	:	Not applicable – adopted Step Up 8.3	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

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>	:	The senior management's remuneration packages generally follow the Executive Compensation Package of the Group. In order to retain the privacy of the senior management, no disclosure was made.



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>The AC comprises of three (3) Independent Non-Executive Directors.</p> <p>The AC Chairman, Mr. Phong Hon Wai, is a member of the Malaysia Institute of Accountants and he is not the Chairman of the Board.</p> <p>This practice meets with the MMLR of Bursa Securities whereby the AC Chairman and all the members are non-executive directors.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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>	:	CHB has always recognised the need to uphold independence. None of the members of the Board were former key audit partners within the cooling-off period of three years. Hence there is no such person being appointed as the AC member 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

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 AC meets with representatives of Messrs. Deloitte PLT, the external auditors of the Company, for a private discussion without the presence of executive board members and employees of the Company at least twice during each financial year.</p> <p>The AC also undertook the annual assessment of the suitability and independence of the external auditors by considering the factors mentioned below to arrive at its recommendation on the reappointment of Deloitte PLT as the Group's auditors for the ensuing financial year.</p> <p>Factors considered in its decision to recommend the reappointment of Deloitte PLT as external auditors of the Group included adequacy of Deloitte PLT's experience and resources to effectively carry out the audit on the Group, the level of professionalism of its staff assigned to the Group, assurance of the audit independence and objectivity of Deloitte PLT and the level of non-audit services rendered by Deloitte PLT to the Group during the financial year ended 31 December 2023; all of which Deloitte fared satisfactorily.</p> <p>The Board noted that the external auditors had expressed their willingness to continue in office for the ensuing year and having reviewed the suitability and independence of the external auditors, the Board recommends the re-appointment of the external auditors to the shareholders at the forthcoming 20th AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**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> :	Not Adopted
<b>Explanation on adoption of the practice</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 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC consists of three (3) members, Independent Non-Executive Directors. The Committee is led by Mr. Phong Hon Wai, a Senior Independent Non-Executive Director who is a member of the Malaysian Institute of Accountants.</p> <p>All members of the AC are financially literate and have sufficient understanding of the Company's business.</p> <p>The AC members meet on a quarterly basis to review the integrity and reliability of the Group's financial statements prior to recommending them for the Board's approval. The Board deliberates on these financial statements before they are publicly released together with explanatory notes on the Group's quarterly and year-end performance.</p> <p>The AC members also received assurance from the Group MD and Executive Director primarily responsible for the management of the financial affairs that the financial statements are prepared in full compliance with Malaysian accounting standards and disclosures as per MMLR and give a true and fair view of the financial position of the Group.</p> <p>For the financial year under review, the performance and effectiveness of the AC and each of its members had been evaluated by the NC concurrently with the annual Board assessment and the NC was satisfied that the AC members had discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference.</p> <p>Each AC member is encouraged to regularly undergo suitable training programs to keep themselves abreast of the latest changes and to update their knowledge and each of them is aware of the need to</p>

	<p>continuously undergo training appropriate to their needs in line with Paragraph 15.08(3) of MMLR of Bursa Securities.</p> <p>Training attended by all AC members, Mr. Phong Hon Wai, Ms. Lim Lay Ching and Ms Siti Haliza Binti Md Taib during 2023 could be found in the Directors' Profile of 2023 Annual Report, from pages 006 to 008.</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 make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

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

**Practice 10.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has delegated a review of adequacy and effectiveness of the risk management and internal control system to the AC.</p> <p>Through the AC, the Board is kept informed of all significant control issues brought to the attention of the AC by the Management, the internal audit function and the external auditors.</p> <p>The Board is working closely with the AC in reviewing and improving the internal controls as well as addressing the potential risks of the Group from time to time.</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 duties for identification, evaluation and management of the key business risk are delegated by the Board to the Senior Management and the Group MD.</p> <p>On the strategic level, business strategies are formulated by the Group MD and the Senior Management, and presented to the Board for review to ensure proposed strategies are in line with the Group’s risk appetite with the update of the implementation progress of the strategies approved being presented by the Senior Management to the Board.</p> <p>The respective Head of Departments are responsible for managing and identifying the risk of their department. Changes in the business risks faced by the Group or the emergence of new key business risks and the corresponding internal controls are discussed during management meeting that was held every week and reported to the Board, if material and applicable.</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> :	Not Adopted
<b>Explanation on adoption of the practice</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 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function (“IA”) of the Group is currently outsourced to a professional service firm, namely NeedsBridge Advisory Sdn. Bhd. (“NeedsBridge”). The Director of IA is reporting to the AC directly.</p> <p>The AC reviews the adequacy of the internal audit scope and competency, experience and resources of the IA in 16 November 2023 to ensure that the responsibilities of the IA are fully discharged.</p> <p>The internal audit engagement of NeedsBridge is governed by their engagement letter with key terms which include the purpose and scope of works, accountability, independence, the outsourced IA’s responsibilities, the management’s responsibilities, the authority accorded to NeedsBridge, limitation of scope of works, confidentiality, proposed fees and engagement team.</p> <p>To ensure that the responsibilities of Internal Auditors are fully discharged, the AC reviews:-</p> <ol style="list-style-type: none"><li>i. the internal audit plan and processes, results of the internal audit assessment, investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;</li><li>ii. the internal audit reports, their findings, recommendation and the Management’s response in addressing the issues found to ensure that risk issues were adequately addressed;</li><li>iii. the adequacy of the scope, functions, competency, experience and resources of the internal audit function and that it has the necessary authority and resources to carry out its work; and</li><li>iv. the annual performance assessment of internal auditors.</li></ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

Companies 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>The Company's internal audit function has been outsourced to a professional service firm, namely NeedsBridge Advisory Sdn. Bhd. ("Needsbridge"), who report to the AC directly.</p> <p>The IA were one (1) director, assisted by one (1) senior consultant and one (1) consultant per one (1) engagement with oversight performed by the senior director. The engagement director is a Certified Internal Auditor accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia.</p> <p>Two (2) internal audits followed by two (2) follow-up will be carried out by NeedsBridge in a year, in material aspects, in accordance with the International Professional Practices Framework established by the Institute Auditors Global.</p> <p>None of the internal audit personnel has any relationships or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company is committed to maintaining a good communication with its shareholders and stakeholders alike. In this respect, information on the Group's financial performance and/or major developments are disseminated to the public as soon as practicable via appropriate channels of communication, chief of which is the Bursa LINK provided by Bursa Securities as well as the Company's website at <a href="http://www.cscmalaysia.com">www.cscmalaysia.com</a>.</p> <p>To facilitate the stakeholders' understanding of the Company with respect to the business of the Company and its policies on governance, the Company has placed various documents pertaining to the organisation, Board and Key Management, its board charters, term of reference of the Board Committees as well as other corporate information on its website to the public.</p> <p>The quarterly financial results are announced through Bursa LINK on the next working day after obtaining the Board's approval.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 12.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Currently the Company has yet to adopt an integrated reporting as the Company is not a Large Company as defined under MCCG.	
		As present, the Board is of the view that the Company's Annual Report is comprehensive enough for stakeholders to make an informed decision.  The current annual report provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information, information such as future prospect, Management Discussion and Analysis, Sustainability Statement, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control form an integral part of the non-financial information.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	



**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The notice period given for the 19<sup>th</sup> Annual General Meeting (“AGM”) to shareholders prior to the meeting is more than mandated period of 28 days before the AGM. The Notice had been sent on 28 April 2023 and the date of AGM was on 1 June 2023 (Thursday).</p> <p>The additional time given to the shareholders allows them to make the necessary arrangements to attend and participate in person or through their corporate representatives and/or proxies. It also enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.</p> <p>The Company is complying with Practice 12.1 of MCCG, Paragraph 7.15 of MMLR of Bursa Securities and Clause 53 of the Constitution 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

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>	:	<p>All Directors, including members of the AC and the NC, had attended at the 19<sup>th</sup> AGM to respond to the shareholders' queries. The Taiwanese Directors, Liu, Min-Hsiung and Huang, Chen-Jung also attended the 19<sup>th</sup> AGM via videoconference.</p> <p>The Group MD together with other Board members, relevant key management staff, the Company Secretary and the external auditors will personally present at each AGM of the Company to engage directly with the shareholders and to account for their stewardship of the Company.</p> <p>The proceeding of the 19<sup>th</sup> AGM included the Group MD's speech on the performance of the Group for the financial year ended 31 December 2022 and the current and future prospects of the Group. Then a Question &amp; Answers session during which the Chairman invited shareholders to ask questions regarding the resolutions being proposed before putting a resolution to vote as well as matters relating to the Company's operations in general.</p> <p>All the resolutions set out in the Notice of 19<sup>th</sup> AGM held on 1 June 2023 were put to vote by poll and were duly passed. The outcome of the AGM was announced to Bursa Securities on the same day.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>At the 19th AGM, the Company had about 8,274 holders holding its Securities as at ROD 31 March 2023 and the number of holders is not large to warrant the use of technology to facilitate remote shareholders or voting in absentia at this stage.</p> <p>Notwithstanding that, the AGMs of CHB are always held at the Company's Office Block at Ayer Keroh, Melaka. This venue is easily accessible as it is familiar to most shareholders of the Company.</p> <p>In accordance with Paragraph 8.29A of the MMLR of Bursa Securities, all resolutions set out in the Notice of 19th AGM were put to vote by poll, shareholders that are unable to attend the AGM may appoint any person(s) as their proxies to attend, participate, speak and vote in his/her stead at the AGM.</p> <p>The Company had not adopted any technology to facilitate the voting in absentia and remote shareholders' participation at its 19th AGM in year 2023. The Company will consider adopting such facilities to facilitate voting in absentia and remote shareholders' participation in future general meetings once such facilities are available at a reasonable cost.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

### Intended Outcome

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

### Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>During the AGM, the shareholders are encouraged to raise questions and seek clarification on the business activities of the group, agenda of the meetings and its proposed resolutions that were provided at least 28 days prior to the meeting.</p> <p>To encourage shareholders' participation at the AGM, the Company allows a shareholder to appoint a proxy to represent him to attend to the AGM and no qualification of proxy is imposed.</p> <p>Adequate time is given during the AGM to encourage and allow the shareholders to seek clarification or ask questions on pertinent and relevant matters and all the questions would receive a meaningful response.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

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

**Practice 13.5**

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

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

### Intended Outcome

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

### Practice 13.6

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>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: The Chairman had replied on the spot all the questions posed by the shareholders in the last 19 <sup>th</sup> AGM.
	: The publication of Key Matters discussed in general meeting is made available on the Company's website at <a href="http://www.cscmalaysia.com">www.cscmalaysia.com</a> no later than 30 business days after the general meeting. The Key Summary Matters should entail a concise yet comprehensive recording of the general meeting detailing proceedings and issues or concerns raised by shareholders and the responses by the Company.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	: Choose an item.

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

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

Not applicable.
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