

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 3069  
**COMPANY NAME** : MEGA FIRST CORPORATION BERHAD  
**FINANCIAL YEAR** : December 31, 2021

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board takes full responsibility for the overall performance of the Company and of the Group. It assumes, inter alia, the following responsibilities:-</p> <ul style="list-style-type: none"><li>• Reviews the capital budgets and regularly monitors their progress throughout the year, using appropriate financial indicators;</li><li>• Reviews critical business issues and the strategy in promoting business sustainability;</li><li>• Reviews the performance of the Group on a quarterly basis;</li><li>• Reviews the adequacy and effectiveness of the Group's risk management and internal control system, including the adequacy and integrity of management information;</li><li>• Reviews periodically management succession and calibre of key executives of the Group; and</li><li>• Oversee the implementation and development of effective communication with shareholders and stakeholders, including investor relations programme.</li></ul> <p>It is the policy of the Board that its prior approval shall be obtained for material capital expenditure, projects, acquisitions or divestitures. Additionally, the Directors are expected to act in a professional manner and to observe high ethical business standards, honesty and integrity at all times and thereby protect and promote the reputation and performance of the Company. Nevertheless, the Board is always guided by the Board Charter which outlines the duties and responsibilities of and matters reserved for the Board in discharging its duties.</p> <p>To assist in the discharge of its stewardship role, the Board has established Board Committees to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board</p>

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

### Intended Outcome

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>	:	The Board, led by an experienced Executive Chairman assisted by the Non-Executive Deputy Chairman is made up of eleven (11) members of whom four (4) are Executive Directors, six (6) are Independent Directors and one (1) Non-Independent Non-Executive Director. The Executive Chairman leads the Board and ensures that appropriate discussion takes place and relevant opinions among Board members are forthcoming. In addition, the Chairman represents the Board to the shareholders to ensure orderly conduct and proceedings of general meetings and shareholders have adequate opportunity to air their views and obtain answers to their queries. The Executive Chairman also oversees the business affairs of the Group and is responsible for leading the Management in the execution of broad policies and strategies approved by the Board. The roles and responsibilities of the Chairman are clearly set out in the Board Charter which is available on the Company's website at <a href="http://www.mega-first.com">www.mega-first.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

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

### Practice 1.3

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Executive Chairman essentially functions as Chief Executive Officer and Chairman of the Board. He leads the Board and ensures that appropriate discussion takes place and relevant opinions among Board members are forthcoming. In addition, the Chairman represents the Board to the shareholders to ensure orderly conduct and proceedings of general meetings and shareholders have adequate opportunity to air their views and obtain answers to their queries. The Executive Chairman also oversees the business affairs of the Group and is responsible for leading the Management in the execution of broad policies and strategies approved by the Board. The fact that the Executive Chairman is also the single largest shareholder, there is the advantage of shareholder leadership and a natural alignment of interests. He has shown tremendous commitment and had played an integral role in the stewardship of the Group.</p> <p>The Executive Chairman essentially functions as Chief Executive Officer and Chairman of the Board. He leads the Board and ensures that appropriate discussion takes place and relevant opinions among Board members are forthcoming. In addition, the Chairman represents the Board to the shareholders to ensure orderly conduct and proceedings of general meetings and shareholders have adequate opportunity to air their views and obtain answers to their queries. The Executive Chairman also oversees the business affairs of the Group and is responsible for leading the Management in the execution of broad policies and strategies approved by the Board. The fact that the Executive Chairman is also the single largest shareholder, there is the advantage of shareholder leadership and a natural alignment of interests. He has shown tremendous commitment and had played an integral role in the stewardship of the Group.</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 is comfortable that there is no undue risk of potential conflict of interest. There are also no material related party transactions during the year. In addition, the Independent Directors who constitute a majority of the Board, provides for effective oversight over management and ensures that there is independence of judgement.

<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> :	<p>The Chairman of the Board is Mr Goh Nan Kioh. He is not a member of the Audit Committee, Nominating Committee and Remuneration Committee. The Chairman was not invited to attend all of these committees' meetings.</p> <p>To instill good corporate governance practice, the Board Charter was revised in March 2022 with the inclusion of such requirement that the Chairman shall not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.</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 1.5

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>During the financial year ended 31 December 2021, the Board was supported by the services of a professionally qualified and competent Company Secretary, who has accumulated more than 20 years of working experience in company secretarial services. She is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators.</p> <p>The Company Secretary attends all meetings of the Board and its Committees, and ensure that meetings are properly convened, all Directors receive timely information in advance prior to the meeting as well as accurate and proper records of the proceedings and resolution passed are taken and maintained. Additionally, the Company Secretary advises the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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>The dates for Board and Board Committees meetings and the Annual General Meeting for the financial year are scheduled in advance before the end of each financial year to facilitate the Directors' time management.</p> <p>Prior to the Board meeting, all Directors will receive the agenda and a set of Board papers containing information for deliberation at the Board meetings.</p> <p>Minutes of each Board meeting are circulated to all Directors prior to the confirmation of the minutes to be done at the commencement of the following Board meeting. The Directors may request for clarification or raise comments before the minutes are confirmed as a correct record of the proceedings of the meeting.</p> <p>During the year ended 31 December 2021, five Board meetings were held and the attendance record of each Director is as follows:-</p> <table><thead><tr><th><u>Name of Director</u></th><th><u>Attendance</u></th></tr></thead><tbody><tr><td>Goh Nan Kioh</td><td>5 out of 5</td></tr><tr><td>Tay Kheng Chiong</td><td>5 out of 5</td></tr><tr><td>Goh Nan Yang</td><td>5 out of 5</td></tr><tr><td>Goh Mei Sze</td><td>5 out of 5</td></tr><tr><td>Khoo Teng Keat</td><td>5 out of 5</td></tr><tr><td>Yeow See Yuen</td><td>5 out of 5</td></tr><tr><td>Dato' Koh Hong Sun</td><td>5 out of 5</td></tr><tr><td>Datuk Hj. Pengiran Saifuddin bin Pengiran Tahir, JP</td><td>5 out of 5</td></tr><tr><td>Jesper Bjorn Madsen</td><td>5 out of 5</td></tr><tr><td>Professor Dato' Dr. Tan Hui Meng</td><td>5 out of 5</td></tr><tr><td>Datin Jeyanthini a/p M. Kannaperan</td><td>5 out of 5</td></tr></tbody></table>	<u>Name of Director</u>	<u>Attendance</u>	Goh Nan Kioh	5 out of 5	Tay Kheng Chiong	5 out of 5	Goh Nan Yang	5 out of 5	Goh Mei Sze	5 out of 5	Khoo Teng Keat	5 out of 5	Yeow See Yuen	5 out of 5	Dato' Koh Hong Sun	5 out of 5	Datuk Hj. Pengiran Saifuddin bin Pengiran Tahir, JP	5 out of 5	Jesper Bjorn Madsen	5 out of 5	Professor Dato' Dr. Tan Hui Meng	5 out of 5	Datin Jeyanthini a/p M. Kannaperan	5 out of 5
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<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>	:	The Board Charter was adopted since 2014. The Board Charter was last reviewed in March 2022. The Board Charter provides guidance and clarity for Directors and Management in their stewardship of the Group and Company. The Board Charter covers key areas, amongst others, Code of Ethics and Conduct, matters reserved for the Board, Board size and composition, appointment and re-election of Directors, independence of Directors, tenure of independent director, Board evaluation and performance, roles of the Executive Chairman, Executive Directors, Board and Board committees, and conflict of interest. The Board Charter is available on the Company's website, <a href="http://www.mega-first.com">www.mega-first.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 board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

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

**Practice 3.1**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company adopts the Employee Code of Conduct and Disciplines ("COCD"). The COCD is embedded in the Employee Handbook. All employees have access to Employee Handbook at all times in the shared server. The Employee Code of Conduct and Disciplines is available on the Company's website, <a href="http://www.mega-first.com">www.mega-first.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 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 is committed to achieving and maintaining the highest standard of work ethics in the conduct of business. The Group encourages its employees to raise genuine concerns about possible improprieties (misconduct or criminal offence) to the attention of the Board.</p> <p>All whistle-blowing reports are addressed to the Chairman of the Audit Committee ("AC") of the Board. The Whistle-blowing Policy is available for reference on the Company's website, <a href="http://www.mega-first.com">www.mega-first.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 a governance structure in place where the Board represents the highest authority and is ultimately accountable for managing sustainability matters within the Group.</p> <p>The Group Sustainability Governance Structure is as stated below:</p> <ul style="list-style-type: none"> <li>a) Sustainability Executive Committee, which is led by the Executive Directors and assisted by the managing directors of each division to provide overall direction to the Group and reports to the Board</li> <li>b) Group Sustainability Committee, which comprises representatives from the Group and each division, and is supported by the Group’s relevant departments to discuss and drive performance</li> <li>c) Division Sustainability Teams which comprise working group from each division, to implement sustainability related strategies, policies and goals.</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**

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 reviewed and approved the Group’s Sustainability Statement every year prior to publication. The Sustainability Report comprises the Group’s sustainability strategies, priorities and targets, and performance are communicated to our internal and external stakeholders via the following channels :</p> <ul style="list-style-type: none"> <li>• Internal : Emails and employees’ briefings, etc</li> <li>• External : Company’s website, annual report, investors’ briefings, etc</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**

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 provided their views and opinions on any of the Group’s sustainability issues during the Board meetings. The Sustainability Executive Committee would respond to all views and opinions raised by the Board and take account of these views and opinions to modify/amend/improve on the sustainability strategy 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**

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

**Practice 4.4**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board recognises the importance of sustainability in all its business operations and had included sustainability as one of the criteria in the performance evaluations of the board members and senior management.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

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

**Intended Outcome**

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

**Practice 5.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nominating Committee (“NC”) continues to discharge their functions by ensuring the composition of the board is refreshed periodically and tenure of each director are reviewed. Annual re-election of a director would be contingent on satisfactory evaluation of the directors’ performance and contribution to the Board. These were stipulated in the Terms of Reference of the 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**

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

**Practice 5.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board, led by an experienced Executive Chairman, is made up of eleven (11) members of whom four (4) are Executive Directors, six (6) are Independent Directors and one (1) Non-Independent Non-Executive Director. Independent Directors form more than half of the Board, thus fulfilling the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad for ensuring that minority shareholders’ interests are adequately represented.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.3

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nominating Committee ("NC") reviews the independence of Directors annually according to the criteria on independence set out in the MMLR. Under the evaluation process, each Independent Director will perform a self-review on his independence by completing a declaration form with questions drawn from the MMLR. The NC evaluates the declaration and submits its findings to the Board for deliberation.</p> <p>The Board's policy on the length of service of Independent Directors is that as long as the Board agrees that the Independent Director remains independent and is able to contribute positively to the Group, he or she shall be retained to serve irrespective of the number of years already served, subject always to shareholders' approval if the cumulative period is more than nine years.</p> <p>Mr Yeow Seow Yuen, an Independent Non-Executive Director, and Dato' Koh Hong Sun, the Senior Independent Director, have served the Board for a cumulative term of approximately 16 and 11 years, respectively.</p> <p>The NC and the Board are satisfied that both Dato' Koh Hong Sun and Mr Yeow See Yuen remain unbiased, objective and independent in expressing their opinions and in participating in the decision making of the Board. They possess tremendous insights and in-depth knowledge of the Company's business and affairs. In the opinion of the NC and the Board, the length of their services on the Board has not in any way interfered with their objective and independent judgment in carrying out their role as a member of the Board and relevant Committees. With their skills and vast experience in business, accounting, finance and management, they would be able to contribute positively during deliberations or discussions of the Board and Board Committees. They have also devoted sufficient attention to their responsibilities as Independent Directors and in carrying out their duty in the best interest of the Company and its shareholders.</p>

	<p>The Board therefore recommends to the shareholders of the Company to retain Dato' Koh Hong Sun and Mr Yeow See Yuen as Independent Directors via a two-tier voting process in the upcoming annual general meeting to be held on 25 May 2022.</p> <p>On 19 January 2022, Bursa Malaysia capped the tenure of "Independent Director" to a maximum of twelve years. Bursa Malaysia further gave members of Bursa Malaysia until 1 June 2023 to comply, after which, Independent Directors who have served more than twelve years will have to either resign as Independent Director or be re-designated as Non-Independent Director. By the deadline of 1 June 2023, Dato' Koh Hong Sun and Mr Yeow See Yuen would have served the Board for more than twelve years. The Board will comply with the new MMLR within the given timeframe by Bursa Malaysia.</p>	
<b>Explanation for departure</b>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>		
<b>Timeframe</b>		

**Intended Outcome**

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

**Practice 5.4 - 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>With a view to achieve a sustainable and balanced development, the Company sees increasing diversity at the Board and Senior Management levels as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Board considers diversity from different aspects, including age, gender, educational and cultural background, ethnicity, nationalities, professional experience, skills, knowledge and length of service. Additionally, the Group will continue with equal employment opportunity policy that goes beyond gender in terms of promoting diversity in our business.</p> <p>The Board considers that the Executive and Non-Executive Directors collectively bring the range of skills, knowledge, independence and experience necessary to direct the Company. The members of the Board with their combined experience and skills in business operations and development, management and professional experience enable the Board to provide stewardship and oversight 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

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC is responsible for, amongst others, making independent recommendations for appointments to the Board. Selection of candidates for appointment to the Board is facilitated through recommendations from the Directors, Management or external parties/independent sources such as head hunters. All appointments to the Board will be made on merit and selection of candidates largely focuses on ensuring a good mix of skills, expertise, experience and background (including consideration of diversity and gender) required for an effective Board and competing time commitments if the candidate has multiple board representations.</p> <p>The Board endeavours to ensure that it consists of individuals with a diverse background equipped with knowledge and experience to make sensible business decisions and recommendations, the ability to see the wider picture and raise constructive queries and the achievement of the Company's goals.</p> <p>The process of the nomination is available in the Policy on Nomination and Assessment on Board Members which was adopted in March 2022</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 5.7

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>	:	The information of the Directors' standing for re-election and retention of Independent Directors as well as the reasons from the Board to support the said re-election and retention have been disclosed in the Explanatory Notes to the Notice of Annual General Meeting.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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 NC is chaired by Dato' Koh Hong Sun, a Senior Independent Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board values diversity as a factor in selecting candidates to serve on the Board. The Board recognises that gender diversity is of importance to boardroom diversity. Nevertheless, the normal selection criteria based on an effective blend of competencies, skills, characteristics, extensive experience and knowledge to strengthen the Board will remain a priority. As such, the Board has not set specific gender diversity targets but is committed to ensuring diversity and inclusiveness in its composition and deliberations. However, females have always been included in the shortlisting process of candidates for vacancies within the Group.</p> <p>The Board currently has two women directors, namely Datin Jeyanthini a/p M. Kannaperan and Ms Goh Mei Sze, representing 18% of the Board. The Board will maintain at least two women Directors and will actively work towards having a minimum of 30% women as members of the Board.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The NC will continue sourcing for one more suitable female candidate to join the Board. Any appointment to the Board will be based on skills, diversity, knowledge and experience.
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

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

**Practice 5.10**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board values diversity as a factor in selecting candidates to serve on the Board. The Board recognises that gender diversity is of importance to boardroom diversity. Nevertheless, the normal selection criteria based on an effective blend of competencies, skills, characteristics, extensive experience and knowledge to strengthen the Board will remain a priority. As such, the Board has not set specific gender diversity targets but is committed to ensuring diversity and inclusiveness in its composition and deliberations. However, females have always been included in the shortlisting process of candidates for vacancies within 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

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

### Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>							
<b>Application</b>	: Applied						
<b>Explanation on application of the practice</b>	: <p>The Directors are provided with assessment forms to facilitate the annual assessment of the Board as a whole, Board Committees, and Directors. The Directors have completed the assessment forms for the financial year ended 31 December 2021.</p> <p>The assessment on Board and Board Committees and individual Directors is based on the following criteria:</p> <table border="1"> <tr> <td>Board</td> <td> <ul style="list-style-type: none"> <li>➤ Role and Responsibilities</li> <li>➤ Board Composition</li> <li>➤ Information to the Board</li> <li>➤ Conduct of Board Meetings</li> <li>➤ Performance Evaluation</li> </ul> </td> </tr> <tr> <td>Board Committees</td> <td> <ul style="list-style-type: none"> <li>➤ Size</li> <li>➤ Quality and timeliness of communications</li> <li>➤ Effectiveness and functions</li> </ul> </td> </tr> <tr> <td>Self and Peer Assessment</td> <td> <ul style="list-style-type: none"> <li>➤ Fit and proper</li> <li>➤ Contribution and Performance</li> <li>➤ Calibre and personality</li> </ul> </td> </tr> </table> <p>The Company Secretary compiled the results for the NC's evaluation prior to reporting to the Board for deliberation and approval.</p> <p>Generally, the Board and Committee members were satisfied with the results of assessments.</p> <p>The Board will engage independent expert to facilitate objective and candid board evaluation for the financial year ending 31 December 2022</p>	Board	<ul style="list-style-type: none"> <li>➤ Role and Responsibilities</li> <li>➤ Board Composition</li> <li>➤ Information to the Board</li> <li>➤ Conduct of Board Meetings</li> <li>➤ Performance Evaluation</li> </ul>	Board Committees	<ul style="list-style-type: none"> <li>➤ Size</li> <li>➤ Quality and timeliness of communications</li> <li>➤ Effectiveness and functions</li> </ul>	Self and Peer Assessment	<ul style="list-style-type: none"> <li>➤ Fit and proper</li> <li>➤ Contribution and Performance</li> <li>➤ Calibre and personality</li> </ul>
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Self and Peer Assessment	<ul style="list-style-type: none"> <li>➤ Fit and proper</li> <li>➤ Contribution and Performance</li> <li>➤ Calibre and personality</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>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

### Intended Outcome

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

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

### Practice 7.1

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 maintains that the current remuneration for each category of directors is sufficient to attract and retain directors of high calibre needed to run the Group successfully. The Remuneration Committee ("RC") reviews annually and the Board approves the remuneration for Executive Directors and senior management staff. The remuneration of the Executive Directors and senior management staff are structured so as to link rewards to corporate and individual performance. The remuneration package consists of basic salary, annual bonus, Company's share-based scheme (if any), contribution to EPF based on statutory rate and other customary benefits-in-kind. The director's fees attributable to the Executive Directors for their directorship in other companies within the Group are paid to the Company.</p> <p>The remuneration for Non-Executive Directors is by way of fixed annual fees, based on recommendations of the Remuneration Committee and approval by the Board and shareholders at annual general meeting. The level of remuneration reflects level of responsibilities undertaken by the particular Non-Executive Director concerned. The Non-Executive Directors are also paid a meeting allowance for each Board, Board Committee or general meeting they attend. They are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company. The Directors concerned do not participate in the deliberation and decision in respect of his individual remuneration.</p> <p>The Remuneration Policy and Procedure for Directors and Senior Management is available on the Company's website, <a href="http://www.mega-first.com">www.mega-first.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 level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The RC is primarily responsible for recommending to the Board the remuneration packages of the Executive Directors of the Company. It is also responsible for reviewing and recommending to the Board the annual salary and bonus for the Executive Directors and senior management staff.</p> <p>The RC comprises solely Independent Non-Executive Directors. The composition of the RC is set out in the Corporate Information section of this Annual Report.</p> <p>The RC adopted terms of reference since its establishment on 1 July 1998, which was reviewed and revised in March 2022. The terms of reference is available on the Company's website, <a href="http://www.mega-first.com">www.mega-first.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Please refer to table below.

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	Goh Nan Kioh	Executive Director	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Tay Kheng Chiong	Non-Executive Non-Independent Director	55,000.00	3,500.00	0	0	0	0	58,500.00	55,000.00	3,500.00	0	0	0	0	58,500.00
3	Goh Nan Yang	Executive Director	0	0	463,500.00	120,000.00	0	70,934.40	654,443.40	0	0	463,500.00	120,000.00	0	70,943.40	654,443.40
4	Goh Mei Sze	Executive Director	0	0	302,400.00	75,500.00	4,103.07	46,283.47	428,386.47	0	0	302,400.00	75,600.00	4,103.07	46,283.40	428,386.47
5	Khoo Teng Keat	Executive Director	0	0	331,500.00	120,000.00	0	55,103.40	506,603.40	0	0	331,500.00	120,000.00	0	55,103.40	506,603.40
6	Yeow See Yuen	Independent Director	79,000.00	6,500.00	0	0	0	0	85,500.00	79,000.00	6,500.00	0	0	0	0	85,500.00
7	Dato' Koh Hong Sun	Independent Director	61,000.00	4,000.00	0	0	0	0	65,000.00	61,000.00	4,000.00	0	0	0	0	65,000.00
8	Datuk Pengiran Saifuddin bin Pengiran Tahir	Independent Director	67,000.00	6,000.00	0	0	0	0	73,000.00	67,000.00	6,000.00	0	0	0	0	73,000.00
9	Jesper Bjorn Madsen	Independent Director	69,000.00	5,500.00	0	0	0	0	74,500.00	69,000.00	5,500.00	0	0	0	0	74,500.00
10	Datin Jeyanthini a/p M. Kannaperan	Independent Director	59,000.00	4,000.00	0	0	0	0	63,000.00	59,000.00	4,000.00	0	0	0	0	63,000.00

11	Prof. Dato' Dr. Tan Hui Meng	Independent Director	55,000.00	3,500.00	0	0	0	0	58,500.00	55,000.00	3,500.00	0	0	0	0	58,500.00
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				
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				
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				
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				

### 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>Remuneration of the top five senior management, excluding Executive Directors of the Company (in aggregate basis) are as follows:</p> <table border="1" data-bbox="497 981 1350 1240"> <thead> <tr> <th>Top Five Senior Management</th> <th>Number of Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM400,000 – RM550,000</td> <td>3</td> </tr> <tr> <td>RM750,001 – RM800,000</td> <td>1</td> </tr> <tr> <td>RM1,250,001 – RM1,300,000</td> <td>1</td> </tr> <tr> <td>RM1,350,001 – RM1,400,000</td> <td>-</td> </tr> <tr> <td>RM1,950,001 – RM2,000,000</td> <td>-</td> </tr> </tbody> </table> <p>The Board is of the opinion that the disclosure on named basis would not be in the best interest of the Company due to confidentiality, sensitivity and security concerns.</p> <p>The Board ensures that the remuneration of Senior Management commensurate with individual and Company performance, and the Company will be able to retain and motivate them.</p>		Top Five Senior Management	Number of Senior Management	RM400,000 – RM550,000	3	RM750,001 – RM800,000	1	RM1,250,001 – RM1,300,000	1	RM1,350,001 – RM1,400,000	-	RM1,950,001 – RM2,000,000	-
Top Five Senior Management	Number of Senior Management													
RM400,000 – RM550,000	3													
RM750,001 – RM800,000	1													
RM1,250,001 – RM1,300,000	1													
RM1,350,001 – RM1,400,000	-													
RM1,950,001 – RM2,000,000	-													
<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.				
2	Input info here	Input info here	Choose an item.	Choose an item.				
3	Input info here	Input info here	Choose an item.	Choose an item.				
4	Input info here	Input info here	Choose an item.	Choose an item.				
5	Input info here	Input info here	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						
2	Input info here	Input info here						
3	Input info here	Input info here						
4	Input info here	Input info here						
5	Input info here	Input info here						

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The AC comprises solely Independent Non-Executive Directors. The AC is chaired by Mr Yeow See Yuen. The Chairman of the Board is Mr Goh Nan Kioh.	
<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>	:	None of the members of the AC is a former key audit partner.  The Company acknowledges the recommended practice. The terms of reference of the AC was revised in March 2022 to reflect the cooling-off period for the appointment of a former audit partner as a board audit committee from 2 years to 3 years.	
<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 conducted an annual assessment of the suitability, independence, objectivity and professionalism of the external auditors in respect of the financial year 2021.</p> <p>The External Auditors Assessment's criteria includes quality of service, technical competency, communications, objectivity and independence. The AC also considered the feedback obtained from entity personnel who had substantial contact with the external audit team.</p> <p>Based on the assessment's results, the AC was satisfied with the external auditors' exercise of independence, services and overall performance. There were no major concerns from the outcome of the assessment of external auditor. Therefore, the Board approved the AC's recommendation for obtaining shareholders' approval on the re-appointment of Crowe Malaysia PLT as external auditors of the Company at the forthcoming Annual General 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**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The AC comprises solely Independent Directors.

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman and Members of the AC are financially literate with vast experience and skills in accounting and finance as well as other relevant fields of expertise. Their skills, experience and expertise enable them to understand matters under the purview of the AC including the review and interpretation of financial statements.</p> <p>Members' of the AC shall inform the Secretary of their training needs by filling in the directors' training needs section contained in the yearly assessment form. The training attended by the members of the AC is available in the Corporate Governance Overview Statement of the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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>	:	The Board acknowledges that that it is responsible for the overall risk management and internal control system of the Group, and for reviewing its adequacy, integrity and effectiveness. The Group’s Risk Management Framework is available in the Statement on Risk Management and Internal Control in the Annual Report 2021.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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>	:	The features of the Group’s Risk Management Framework is explained in the Statement on Risk Management and Internal Control in the Annual Report 2021.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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 Department (“IAD”) maintained independence, objectivity and professionalism in discharging their duties as guided by the Internal Audit Charter and satisfied with The Institute of Internal Auditors’ Definition of Internal Auditing.</p> <p>The Head of Internal Audit (“IA”) functionally reports to the AC with unrestricted access to the AC Chairman on all matters. The appointment of the Head of IA is reviewed and approved by the AC which includes a review of the competency and experience of internal auditors as well as adequacy of resources of the internal audit function.</p> <p>The review on adequacy and effectiveness of internal control and compliance control, as well as evaluation of the risk management process is performed independently by the IA Department (“IAD”). The IAD provides reasonable assurance to the AC that there are no material deficiency in the internal control of the Group. The result of audits as narrated in regular audit reports are deliberated in AC meetings attended by the Head of IA.</p> <p>The detailed activities performed by IAD are set out in the AC Report of the Annual Report 2021.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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>To the best of our knowledge, the internal audit personnel are free from any relationship or conflicts of interest that could impair their objectivity and independence. All IA personnel are required to adhere to the COCD and are in compliance with the Internal Audit Charter. All IA Personnel have confirmed to the AC with the signing of a declaration to disclose that they are independent, objective and free from any relationship or conflict of interest.</p> <p>Currently, the IAD has 3 personnel comprising the Head of IA and 2 internal auditors. The department is headed by Mr Yong Kim Joo, who holds a professional qualification i.e. The Association of International Accountants (UK). He is also an Associate member of The Institute of Internal Auditors Malaysia.</p> <p>The IAD has adopted a risk-based approach for its internal audit assignments focusing on high risk areas of the Group's business activity. All audit processes are also guided by the Guidance for an Effective Internal Audit Function issued by The Institute of Internal Auditors Malaysia.</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 Board acknowledges the need for shareholders and stakeholders to be informed of all material business matters affecting the Company. They are kept well informed of developments and performances of the Company through timely announcements and disclosures made to the Bursa Malaysia, including the release of financial results on a quarterly basis. The Company's annual report which contains all the necessary disclosures in addition to facts and figures about the Group and the Company is released within four months after the financial year end. In addition, efforts have been made to ensure that the report is user friendly so that shareholders have a good understanding about the Company and its operations. All announcements and disclosures made to Bursa Malaysia, including the annual report, are also accessible from the Company's website, <a href="http://www.mega-first.com">www.mega-first.com</a>.</p> <p>The Company has been using the Annual General Meeting each year as a means of communicating with shareholders. All shareholders of the Company receive the annual report of the Company and the notice of the annual general meeting. The AGM notice is also advertised in the press. The Company's annual report and notice of annual general meeting are also released to Bursa Malaysia via electronic submission on a timely basis to ensure effective dissemination to shareholders. Members of the Board, the Chief Financial Officer and the external auditors are present to answer questions raised at the general meetings of shareholders. Adequate time is given during general meetings to allow the shareholders to seek clarifications or ask questions on pertinent and relevant matters.</p> <p>The voting on all resolutions to be tabled at the 56<sup>th</sup> AGM will be by way of poll. In addition, the Company will appoint a scrutineer to validate the votes cast at the AGM. The detailed results of the voting in terms of number of votes and percentage for and against the respective resolution will be announced to Bursa Malaysia.</p> <p>In addition to the above, the Company has an Investor Relation team that actively engages with analysts, institutional fund managers, research team of security houses, the press and shareholders to provide updates on the Company. The Company also conducts regular briefings and</p>

	<p>actively participates in investment forums/conferences organised by security houses and Bursa Malaysia.</p> <p>Shareholders can obtain up-to-date information on the Group's latest quarterly financial report, announcements and results briefings presentation slides by accessing its website.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is 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>	:	The MFCB's Annual Report contained the Financial Statements for the financial year and other non-financial information and disclosures, which is comprehensive and sufficient for the time being to enable the shareholders to have a better understanding of the Company's business and performance and are able to make informed decisions.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The notice for the forthcoming 56 <sup>th</sup> Annual General Meeting was given to the shareholders 28 days prior to the Meeting.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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 attended the 55<sup>th</sup> Annual General Meeting held in 2021.</p> <p>The Chairman of AC, NC and RC were available during the 2021 Annual General Meeting to provide meaningful replies to questions addressed to them.</p> <p>All Directors and Chairmen of committees, will continue to adhere to the good practice and make every effort to attend the upcoming Annual General Meeting and future General Meetings.</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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In view of the COVID-19 pandemic, the 55<sup>th</sup> AGM of the Company held on 27 May 2021 was conducted on a virtual basis via Remote Participation and Voting Facilities. The forthcoming 56<sup>th</sup> AGM will also be conducted on a virtual basis.</p> <p>For future AGMs, the Company will consider conducting the AGM both in physical and virtual form to allow greater participation by shareholders who are unable to attend the physical meeting.</p> <p>In respect of the concern on good cyber hygiene practices to be in place including data privacy and security to prevent cyber threats, the poll administrator, Boardroom Share Registrar Sdn Bhd has made representation to the Company that the security, confidentiality, integrity and availability of LumiAGM application are vital to conducting a successful AGM in Malaysia.</p> <p>Its LumiAGM systems and suppliers' services are certified with ISO/IEC 27001:2013 international standard. This certification provides a robust, auditable and externally verified framework of controls designed to maintain the confidentiality, integrity and availability of customer information and the personal data Lumi processes on their behalf. Lumi uses strong, industry best-practice encryption techniques to ensure customer data is protected from unauthorized access. The Lumi platform is regularly and extensively penetration tested using independent, accredited third-party experts.</p> <p>The poll administrator also states that the client data has never been used for QA purposes and is not retained beyond the purpose of processing client's proxy forms for the conduct of the general meetings.</p>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

### Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: At the AGM held in 2021, the Board shared with the shareholders on the Group's past year's business performance, strategies and the outlook going forward of the Group.  The shareholders were also given opportunities to pose any questions pertaining to financial and non-financial matters via an online platform provided during the 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>	:  

### Intended Outcome

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

### Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The details of the virtual AGM held in 2021 and guidance notes on the conduct of AGMs were stated in the Administrative Details together with the Notice of AGM. The shareholders were guided accordingly for their participation in the AGM.  The proceedings of the AGM was live broadcasted and the shareholders were able to join live streamed AGM via the Remote Participation and Electronic Voting Facilities at <a href="http://web.lumiagm.com">http://web.lumiagm.com</a> .  All relevant questions submitted by the shareholders was read out during the 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>	:  

**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> :	<p>The Key Matters Discussed for the AGM held in 2021 was published to the website more than 30 business days after the meeting.</p> <p>The Minutes of the upcoming AGM to be held on 25 May 2022 will be published within the stipulated time frame.</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> :	
<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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