

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5007  
**COMPANY NAME** : CHIN WELL HOLDINGS BERHAD  
**FINANCIAL YEAR** : 30.6.2021

## 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 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 of Directors ("Board") of Chin Well Holdings Berhad ("CWHB" or "the Company") had formalized and adopted the Board Charter which forms an integral part to guide the conduct of the Board. Key matters reserved for the Board include but not limited to direction and strategy setting, structure and capital, financial reporting, risk management and internal controls, capital investment, communications to shareholders, appointment of Board members and other relevant parties, remuneration, delegation of authority and corporate governance.</p> <ol style="list-style-type: none"><li>1. To assist in effective discharge of the Board's stewardship responsibilities, the Board has established the Board Committees, namely Audit Committee, Nominating Committee and Remuneration Committee comprising majority of independent directors. Each Committee is entrusted to oversee specific Company's affairs within their respective terms of reference. The Chairman of Board Committees will report to the Board the outcome of their meetings.</li><li>2. During the FY2021, the Board plays an active role in monitoring the business performance of the Group. The executive directors are required to update the Board of the current business conditions such as business outlook, operating issues and potential business opportunities encountered by the Group. The Board deliberated on the respective matters been reported by the executive directors. A comparison of the Group budget against the actual result of the Group is also made on quarterly basis whereby the management will explain to the Board for the reason of the significant variances if there is any.</li></ol>

	<p>3. The executive directors are primarily accountable for overseeing the day-to-day operations and amongst others, they are also responsible for the development and implementation of the strategies for the Group and setting the overall strategic policy and direction of the Group's business operations. The Managing Director, on behalf of the executive directors will report to the Board on significant matters relating to the Group on quarterly basis.</p> <p>4. With the assistance of the internal auditor, the Board oversee the risk management of the Group. The internal auditor advises the Audit Committee and the Board on areas of the high risk and the adequacy of compliance and internal control of the major subsidiaries. The Audit Committee reviews the internal controls of the Group as far as possible to safeguard the assets of the shareholders.</p> <p>5. The Board disseminates the Group's information to its shareholders and investor in accordance with its Corporate Disclosure Policy. The management will have discussion with the investors and investment analysts at least once every quarter after the announcement of the Group's quarterly result.</p>
<b>Explanation for departure</b>	: Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: Not applicable
<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>	:	Mr Lim Chien Ch'eng, the Chairman of the Board, is a non-independent non-executive director. He is primarily responsible for leadership of the Board in ensuring the effectiveness of the Board in all aspects.  Further details of the role of the Chairman are set out in the Board Charter.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The position of the Chairman and Managing Director are held by different individuals to ensure clear division of responsibilities and a balance of authority and power in the Company.</p> <p>Mr. Lim Chien Ch'eng, the Chairman of the Board has no executive function and he provides a capable check and balance for governance and controls.</p> <p>Mr Tsai Yung Chuan, the Managing Director who is an executive director is responsible for the day-to-day management of the business and operations of the Group in respect of both its regulatory and commercial functions.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.4

The 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 Company Secretaries of CWHB are members of professional bodies and qualified to act as company secretaries.</p> <p>The brief profile of the Company Secretaries are as follows:</p> <p>Mr. Lee Peng Loon, is an associate member of the Malaysian Association of Company Secretaries (MACS). He started his career with the Malaysian Inland Revenue Board (IRB) as a senior officer for several years before joining one of the "Big Four" international accounting firms in its taxation division. He was later transferred to head its secretarial division as the Executive Director, a position he had served for 10 years. With more than 35 years of immense tax, accounting and secretarial experiences, he had assisted and supported countless of companies of diverse industries to ensure achievements of the regulatory compliance.</p> <p>Ms. P'ng Chiew Keem, Riko, is an associate member of the Malaysian Institute of Chartered Secretaries &amp; Administrators (MAICSA). She started her career with one of the "Big Four" international accounting firms in Malaysia. She had then further her studies in Business Management Education in the Asian Institute of Management (AIM), a pioneer business school in Asia, founded in 1968 by Harvard Business School together with a consortium of prominent business leaders and the Philippine academic institutions. She has more than 20 years of experience in handling corporate secretarial and compliance matters to a large portfolio of clients, indirect tax consulting, accounting and corporate advisory.</p> <p>The primary responsibilities of the Company Secretaries are as follows:</p> <ul style="list-style-type: none"><li>(a) To properly maintain the secretarial records, preparation of resolutions and other secretarial functions of the Company;</li><li>(b) To issue notice and attend the meetings of the Board, Board Committees and shareholders and to record the minutes of such meetings;</li><li>(c) To assist in corporate governance practices, by proposing relevant agenda items to be included as recurring meeting agenda;</li></ul>

	<p>(d) To facilitate the conduct of the assessments to be undertaken by the Board and/or Board Committees as well as to compile the results of the assessments for the Board and/or Board Committee's deliberation;</p> <p>(e) To update the Board on the changes of the listing requirements upon receiving the circulars from Bursa Securities, which are relevant to the Company; and</p> <p>(f) To advise on corporate disclosures and compliances.</p> <p>During the financial year ended 30 June 2021 (FY2021), the Company Secretaries had attended various seminars and conferences to keep themselves abreast with the regulatory changes and other areas of governance, human resource and taxation.</p>		
<p><b>Explanation for departure</b></p>	<p>: Not applicable</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<p><b>Measure</b></p>	<p>: Not applicable</p>		
<p><b>Timeframe</b></p>	<p>: <table border="1" data-bbox="528 1064 1410 1155"> <tr> <td data-bbox="528 1064 948 1155"></td> <td data-bbox="948 1064 1410 1155"></td> </tr> </table></p>		

## 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

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 Board is provided with the agenda and board papers at least 7 days prior to the Board meetings to enable them to participate actively in the meetings. All the directors have rights to access to information and to seek independent advice individually or collectively necessary to discharge their responsibilities and making independent judgment.</p> <p>The Company Secretaries are responsible in ensuring the meeting procedures are followed and the decisions of the Board and Board Committees are properly documented in the minutes including matters where Directors abstained from voting or deliberation.</p> <p>The directors also have unrestricted access to the services of the Company Secretaries and may inspect the minutes and other statutory documents of the Company during office hours.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<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 of the Company outlines amongst others, the roles and responsibilities of the Board as a whole, Directors and Board Committees, remunerations policies, shareholders and investor relations.</p> <p>The Board reviews the Board Charter whenever necessary to ensure their relevance and compliance. The last review of the Board Charter was on 26 February 2021.</p> <p>A copy of the Board Charter is available on the Company's website (<a href="http://www.chinwell.com.my">www.chinwell.com.my</a>).</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<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 Board had formalized and adopted the Code of Conducts and Ethics ("Code") which outlines the business conducts and practices in the Group which is applicable to all directors, employees and any other persons who represent the Group in executing their duties and functions of the Group.</p> <p>The Board reviews the Code whenever necessary. The last review of the Code was on 28 August 2019.</p> <p>A copy of the Code is available on the Company's website (<a href="http://www.chinwell.com.my">www.chinwell.com.my</a>).</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<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 Whistleblowing Policy of the Company provides the channel for all employees and interested parties of the Group to raise genuine concerns about possible improprieties of business conducts of the Group including any breach of the Code without fear of reprisal. The employees or stakeholders could raise their concern to the Chairman of the Audit Committee. This policy is expected to improve the overall organizational effectiveness and enhance corporate governance practices across the Group.</p> <p>The Whistleblowing Policy is reviewed whenever necessary and the last review was on 25 June 2020.</p> <p>A copy of the Whistleblowing Policy is available on the Company's website (<a href="http://www.chinwell.com.my">www.chinwell.com.my</a>).</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<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 4.1

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>	:	As at 30 June 2021, the Board comprised of 3 independent directors, which represented 50% of the Board members are independent.  The independent directors are fundamental to good corporate governance in ensuring the exercise of independent and objectivity in the decision making process of the Board.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<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 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	A at 30 June 2021, none of the independent directors had served the Company for more than 9 years.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<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 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to 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 4.4

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nominating Committee is responsible to evaluate the potential candidate to be appointed as director of the Company and they shall review the candidate's skills, competencies, experiences, age, gender, cultural background and other qualities in addition to other factors such as the level of independence of the candidate for appointment as independent director. The Board will consider the recommendation of the Nominating Committee and makes final decision as to the appointment of director. The Company Secretary then ensures the relevant procedures relating to the appointment of the new director are properly executed.</p> <p>The appointment of senior management is the responsibilities of the executive directors based on objective criteria and merit in accordance with the job requirement.</p>
<b>Explanation for departure</b>	:	Not applicable
<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>	:	Not applicable
<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 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	As at 30 June 2021, the Board comprised of 2 women directors which represented more than 30% female representation on the Board members.  The Nominating Committee and the Board was in the midst of finalising a gender diversity policy to be adopted in the beginning of financial year ending 30 June 2022.
<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>	:	Not applicable
<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 4.6

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nominating Committee is responsible for recommending suitable candidates for appointments to the Board.  In undertaking this responsibility, the Nominating Committee is open to recommendations from Board members, major shareholders as well as referrals from external and independent sources.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<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 4.7

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>	:	As at 30 June 2021, the Nominating Committee of CWHB is chaired by Mr Ang Seng Oo, an independent non-executive director of the Company.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nominating Committee had applied a set of criteria by way of questionnaires to annually evaluate the performance of individual directors, the effectiveness of the Board as a whole and each of its Committees. The criteria used, amongst others, for the annual assessment of individual director includes an assessment on their roles, duties, responsibilities, integrity, time commitment, contribution to interaction during the meeting and financial literacy whereas for the Board and Board Committees, the criteria used include composition, structure, expertise, and areas of responsibilities. The Nominating Committee then deliberated and makes its recommendations to the Board. The director's concern shall abstain from deliberating on his own assessment.</p> <p>Based on the assessments carried out, the Nominating Committee was satisfied with the performance of the Board, Board Committees and individual directors in FY2021.</p>
<b>Explanation for departure</b>	:	Not applicable
<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>	:	Not applicable
<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 6.1

The board has in place 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 policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has in place a Remuneration Policy which is subject to review whenever necessary by the Board. A copy of the Remuneration Policy is available on the Company's website (<a href="http://www.chinwell.com.my">www.chinwell.com.my</a>).</p> <p>The Company also has in place policies and procedures to determine the remuneration of senior management which takes into account similar remuneration framework to attract and retain the right talent in the Group.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<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 6.2

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>	:	The Board had established a Remuneration Committee comprising wholly non-executive directors with defined terms of reference.  A copy of the terms of reference of the Remuneration Committee is available on the Company's website ( <a href="http://www.chinwell.com.my">www.chinwell.com.my</a> ).
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<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 7.1

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 remuneration on named basis received by each director in FY 2021 is disclosed in the Company's Annual Report.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<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 7.2

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>	:	Departed	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board had disclosed the remuneration of its senior management in bands of RM50,000 in the Company's Annual Report but not on named basis due to confidentiality and sensitivity of each remuneration package.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<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 7.3 - 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>	:	



### 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 8.1

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>	:	As at 30 June 2021, the Audit Committee was chaired by Mr Ang Seng Oo and he is not the Chairman of the Board.
<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 8.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	As at FY2021, none of the members of the Audit Committee was a former key audit partner of the Company's external auditors.  The Board had adopted the policy that requires a former key audit partner to observe a cooling-off period of 3 years before being appointed as a member of the Audit Committee. A copy of the terms of reference is available on the Company's website ( <a href="http://www.chinwell.com.my">www.chinwell.com.my</a> ).
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee assessed the suitability, objectivity and independence of the Company's external auditors via a set of questionnaires.</p> <p>The existing external auditors, Grant Thornton Malaysia PLT Chartered Accountant ("GT") had confirmed to the Audit Committee that they are, and have been independent throughout the conduct of their audit engagement for FY2021 in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The Audit Committee, upon its assessment was satisfied that the Company's external auditors, GT is able to meet the audit requirements and statutory obligations of the Company, has independent status and has sufficient resources to carry the audits of the Company and of the Group.</p> <p>The Audit Committee had recommended GT to the Board for re-appointment as the Company's external auditors at the forthcoming AGM.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<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 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Applied
<b>Explanation on adoption of the practice</b>	:	As at 30 June 2021, the Audit Committee comprised solely of 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 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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>During FY2021, the Nominating Committee had assessed the term of office and performance of the Audit Committee and its members in accordance with Paragraph 15.20 of the Main Market Listing Requirements of Bursa Securities by way of a set of comprehensive questionnaires.</p> <p>The questionnaires cover amongst others the understanding of role and terms of reference, financial literacy, integrity, independency, time commitment and so forth.</p> <p>The Nominating Committee, was satisfied that the Audit Committee and its members had discharged their duties according to their terms of reference and had recommended to the Board that the existing composition to remain status quo.</p> <p>During FY2021, the members of the Audit Committee had attended various trainings as set out in the Corporate Governance Overview Statement in the Annual Report.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<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 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Details of the Company's internal control and risk management framework can be found in the Statement on Risk Management and Internal Control in the Company's Annual Report.  The Audit Committee assists the Board to review the adequacy and effectiveness of the Company's internal control and risk management processes.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<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 9.2

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>	:	Detailed information on Risk Management and Internal Control Framework can be obtained from the Statement on Risk Management and Internal Control in the Company's Annual Report.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<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 9.3 - 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 10.1

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 of the Group in Malaysia is outsourced to KFF Chartered Accountants whilst the internal audit function for the Company's subsidiary in Vietnam is performed in-house.</p> <p>The internal auditors reports directly to the Audit Committee. The internal auditors will review the systems of internal control of business processes based on the audit plan approved by the Audit Committee. The internal auditors then reported their findings, recommendations for improvements or their proposed corrective action plans and the management responses to the Audit Committee. The progress of the implementation of recommended actions is being monitored through follow up reviews by the internal auditors in order to ensure that the control weaknesses highlighted in the internal audit reports are appropriately addressed by Management.</p> <p>During FY2021, the Audit Committee had assessed the internal audit function and was satisfied therewith.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<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 10.2

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>In FY2021, , the Internal Audit Function for the Group in Malaysia was outsourced to KFF Chartered Accountants (KFF), an external professional firm and the personnel handling the Group’s audit are free from any relationship or conflict of interest, which could impair their objectivity and independence. The internal audits were conducted using a risk-based approach and was guided by the International Professional Practices Framework (IPPF).</p> <p>The internal audit team in Malaysia is headed by Ms. Oh Phaik Choo is a Certified Internal Auditors and a member of the Institute of Internal Auditors Malaysia and the Malaysian Institute of Accountant.</p> <p>The internal audit team in Vietnam consist of a team of internal staff which some of them had attended the relevant internal audit course and able to discharge their duty effectively.</p>
<b>Explanation for departure</b>	:	Not applicable
<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>	:	Not applicable
<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 11.1

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 has in placed a Corporate Disclosure Policy to ensure accurate and timely disclosures to the regulatory authorities, shareholders and stakeholders of the Company.</p> <p>A copy of the Corporate Disclosure Policy is available on the Company's website (<a href="http://www.chinwell.com.my">www.chinwell.com.my</a>)</p> <p>Information is disseminated through announcements made to the Bursa Securities, the Company's website (<a href="http://www.chinwell.com.my">www.chinwell.com.my</a>), annual report and press releases.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<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 11.2

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

<b>Application</b> :	Not applicable	
<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 12.1**

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 Board had adopted Practice 12.1 to issue the notice of AGM to shareholders at least 28 days prior to the meeting. The additional time given will allow shareholders to make necessary arrangements to attend and participate in person or through proxies or corporate representatives and also to consider the proposed resolutions before exercising their voting rights at the meeting.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<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 12.2

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>The Board had adopted the practice that all directors are required to attend the general meeting of the Company and to respond to shareholders' enquiries, if any.</p> <p>At the virtual 24<sup>th</sup> AGM of the Company held on 25 November 2020, all the directors, external auditors and senior management had attended the meeting either physically at the Broadcast venue or virtually to provide informative feedback to the questions of the shareholders.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<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 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Company had leverage technology to facilitate voting in absentia and remote shareholders' participation at its 24 <sup>th</sup> AGM held on 25 November 2020.  The 24 <sup>th</sup> AGM was conducted virtually via the remote participation and online voting (RPV) facilities.
<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>	:	Not applicable
<b>Timeframe</b>	:	

**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.*

Not Applicable
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