

# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5281  
**COMPANY NAME** : ADVANCECON HOLDINGS 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>Advancecon Holdings Berhad ("Advancecon" or "the Company") is led by an experienced, competent and diversified Board of Directors ("Board") that is made up of Directors with appropriate competencies, knowledge, skills and experience from diverse backgrounds. The Directors collectively, set the Company's strategic objectives and ensure that the necessary resources are in place for the Company to meet its objectives and review management performance.</p> <p>The Board is responsible for the oversight and overall management of the Company. The Executive Directors are responsible to manage the day-to-day operations of the business, implementation of Board policies and making strategic decisions for the business while the Independent Non-Executive Directors ("INEDs") contribute their independent judgement to the Board on issues of strategy and performance.</p> <p>The Board is guided by its Board Charter and the Code of Conduct and Ethics ("Code") which clearly sets out the Board's roles and responsibilities and the standard of conduct expected of Directors respectively are available on the Company's website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</a>.</p> <p>Board Committees, which operate within its respective defined Terms of Reference ("TOR"), have been established to assist the Board in the discharge of its specific duties and responsibilities. Hence, the Chairman of the respective Committees report to the Board the outcome of deliberations of each Committee's meetings.</p> <p>In order to ensure the effective discharge of the Board's functions and responsibilities in meeting the objectives of the Company and of the Group, the Board had carried out the following activities during the financial year ended 31 December 2021 ("FY2021"):</p>

	<p>(a) The Chairman ensures that decisions are taken on a sound and well-informed basis, including ensuring that all strategic and critical issues are considered by the Board and that Directors receive the relevant information on a timely basis.</p> <p>(b) The Management's performance under the leadership of the Group Chief Executive Officer ("Group CEO") is monitored through a yearly performance evaluation.</p> <p>(c) The Board through the Nomination Committee ("NC") is responsible to ensure the Board is represented by individuals with an optimal mix of qualifications, skills and experience.</p> <p>(d) Through the Risk Management and Sustainability Committee ("RMSC"), the Board oversees the risk management framework of the Group. The RMSC assists the Board to fulfill its responsibilities with regards to risk governance and risk management in order to manage the overall risks exposure of the Group. The Audit Committee ("AC") reviews the risk management and internal controls of the Group to ensure, as far as possible, to safeguard shareholders' interest and the Group's assets.</p> <p>(e) The Board maintains an open communication policy that enables the Board and its Management to communicate effectively with shareholders and members of the general public. Whenever appropriate, the Board or the relevant management personnel will respond to queries from the stakeholders on a timely manner.</p> <p>(f) The Board ensures that financial statements prepared for each financial year have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year. In preparing the financial statements the Board has:</p> <ul style="list-style-type: none"> <li>• Ensure adherence to accounting policies and applied them consistently.</li> <li>• Made judgements and estimates that are reasonable and prudent.</li> <li>• Ensure that all applicable accounting standards have been adhered to.</li> <li>• Ensure financial statements are prepared on the going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group has adequate resources to continue in operations for the foreseeable future.</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

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Mr. Yeoh Chong Keat is the Independent Non-Executive Chairman of the Company. He is responsible for leadership of the Board and presides over the meetings of the Board to ensure that the Board perform its roles and responsibilities effectively at the same time and discharges its fiduciary duties diligently.</p> <p>Other than leading the Board meetings and meetings of shareholders, the Chairman ensures that all relevant issues for the successful stewardship of the Group's business are on the Board agenda to facilitate effective decision making by the Board.</p> <p>During the FY2021, the Chairman had:</p> <ul style="list-style-type: none"><li>(a) Provided leadership for the Board so that the Board could perform its roles and responsibilities effectively and setting its agenda. The Chairman is also responsible for creating an environment for open, robust and effective debate. This includes ensuring, via the Company Secretary, that the Directors receive accurate, timely and clear information.</li><li>(b) Set the Board agenda with Company Secretary and ensured that Board members had received complete and accurate information in a timely manner.</li><li>(c) Led Board meetings and discussions.</li><li>(d) Managed boardroom dynamics by promoting a culture of openness and debate; encouraged active participation and allowed dissenting views to be freely expressed.</li><li>(e) Acted as the conduit between Management and the Board, although all Directors should have the opportunity to get to know key members of the Management team.</li><li>(f) Ensured appropriate steps are taken to provide effective communication with stakeholders and that their views were communicated to the Board as a whole.</li><li>(g) Led the Board in establishing and monitoring good corporate governance practices in the Company.</li></ul>

	(h) Chaired the Annual General Meetings (“AGM”) and general meeting of the Company and providing clarification on issues raised by shareholders.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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 positions of Chairman and Group CEO of Advancecon are held by two different individuals. The Independent Non-Executive Chairman, Mr. Yeoh Chong Keat leads and manages the Board in its collective oversight of management by focusing on governance and compliance whereas the Group CEO, Dato' Phum Ang Kia manages the business strategy and day-to-day operations of the Company.</p> <p>The roles of Chairman and the Group CEO are segregated and clearly defined by their individual position descriptions. The distinct and separate roles of the Chairman and Group CEO, with their clear division of roles and responsibilities have ensured a balance of power and authority, such that no one individual has unfettered decision-making powers.</p> <p>The roles of the Chairman and Group CEO are defined in the Board Charter which is available on the Company's website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.4

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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Chairman of the Board, Mr. Yeoh Chong Keat is also the Chairman of NC, members of AC and Remuneration Committee ("RC"). These committees are supported by two INEDs, En. Fathi Ridzuan Bin Ahmad Fauzi and En. Mohd Zaky Bin Othman.</p> <p>The Chairman is conscious of his differing roles in the Board, in the NC, RC and AC. All issues before recommending to the Board are thoroughly deliberated at the committee levels which involved the participation of the other two INEDs. All recommendations by the Committees to the Board have been arrived at unanimously and this would have eliminated the risk of self-review and absolute control over decision making by one person.</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>	:	



### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is assisted by two Company Secretaries who are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016 ("the Act"). One of them is a member of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") whilst the other is a Licensed Company Secretary ("LS").</p> <p>During the FY2021, the Company Secretaries had performed the following tasks:</p> <ul style="list-style-type: none"><li>(a) Supported the Board and played an important role to facilitate the overall compliance with the Act, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") and other relevant laws and regulations by updating the Board at the Board meetings.</li><li>(b) Assisted the Board and Board Committees to function effectively and in accordance with their respective TOR and best practices and ensured adherence to the existing Board policies and procedures.</li><li>(c) Attended Board Meetings and ensured the proper conduct of the meetings. Deliberations and decisions were accurately minuted and kept in the minutes books.</li><li>(d) Managed processes pertaining to the annual shareholders meeting.</li><li>(e) Served as a focal point for stakeholders' communication and engagement on corporate governance issues.</li></ul> <p>The roles and responsibilities of the Company Secretaries are set out in the Company's Board Charter, which is available on the Company's website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</a>.</p> <p>The Company Secretaries had attended the necessary training programmes, conferences, seminars and/or forums organised by the Companies Commission of Malaysia, MAICSA, the Securities Commission Malaysia ("SC") and Bursa Securities as well as in house training so as to keep themselves abreast with the latest changes in laws</p>

	and regulatory requirements that are relevant to their profession and to provide the necessary advisory role to 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>	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

### 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>Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers are forwarded to each director no later than seven days before the date of the meeting.</p> <p>This is to ensure that the Board papers comprising issues to be discussed, supporting information and documentations are provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board papers and seek for any clarification or further explanation from Management and the Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.</p> <p>The Board has access to all information within the Company to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making.</p> <p>Senior Management and/or external consultants may be invited to attend Board Meetings to advise and/or furnish the Board with relevant information.</p> <p>To facilitate smooth operation of the businesses of the Group, follow up actions requested by the Board or Board Committees pertaining to the decisions of the Board or the Board Committees, are addressed by the Management within the timeline given.</p> <p>All proceedings of Board meetings were minuted. The minutes would be distributed to all Directors on a timely manner and tabled for confirmation at the next meeting. Signed copies of the minutes were kept in the minutes book maintained by the Company Secretaries.</p>
<b>Explanation for departure</b>	:	

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

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

**Intended Outcome**

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>Board's strategic intent, roles and responsibilities in discharging its fiduciary and leadership functions. The Board Charter serves as a main source of reference and also provides insights to prospective Board members and Senior Management. It clearly explains the relationship and interaction between the Board, Board Committees, Chairman and Executive Directors. Hence, the Board Charter is reviewed periodically and updated in accordance with the needs of the Company to ensure its effectiveness and consistency with the Board's objectives and corporate vision.</p> <p>The Board Charter was reviewed by the Board on 24 February 2021. The current Board Charter is accessible for reference on the Company's website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is committed in maintaining a corporate culture which engenders ethical conduct. The Board has formalised the Code of Conduct and Ethics (“Code”) as a guidance to be followed by Directors and all employees with regards to the Group’s standard of integrity and rules of conduct to be observed in the performance of work and business practices.</p> <p>The core sections of the Code covered the following principles:</p> <ul style="list-style-type: none"><li>• Act with Integrity and Ethics</li><li>• Protect Advancecon Assets and Intellectual Property</li><li>• Comply with Laws and Regulations</li><li>• Working with One Another</li></ul> <p>The Board will periodically review the Code when necessary to ensure it remains relevant and appropriate. The details of the Code are available for reference at the Company’s website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</a>.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

The 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 Code formalised by the Board includes the Whistle Blowing Policy to provide an avenue to facilitate employees of the Group or members of the public to raise any concerns or disclose any improper conduct within the Group and to take appropriate action to resolve it effectively.</p> <p>Whistle-blowers can report any improper conduct by email to the AC Chairman, En. Mohd Zaky bin Othman at mohd_zaky@advancecon.com.my or post it to Advancecon's office.</p> <p>The Whistle Blowing Policy and the Anti-Bribery and Corruption Policy Statement are available on the Company's website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</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.

Application	:	Applied	
Explanation on application of the practice	:	The Board sets out and oversees the sustainability governance structure consisting of vision, mission and sustainability strategy.	
		The governance structure focuses mainly on key areas like the context of the Economic, Environmental and Social and report the progress of these key areas through the collection and monitoring of data.	
		The Risk Management and Sustainability Committee is to supports the Board by overseeing the management of principal business risks and significant/material economic, environmental and social risks.	
		The Group’s sustainability management is driven by the Sustainability Steering Committee who is responsible for coordinating daily activities and implement company-wide sustainability initiatives.	
		The sustainability governance structure and roles of Sustainability Steering Committee are outlined in the Sustainability Statement in the Annual Report (“AR”).	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		



**Intended Outcome**

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

**Practice 4.2**

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has an established stakeholder engagement practice for respective stakeholder groups, which drives long-term sustainability by providing opportunities to further align practices with societal needs and expectations.</p> <p>Details pertaining to engagement platforms and how the Group engages its stakeholders are available in the “ENGAGING OUR STAKEHOLDERS” section of our Sustainability Statement.</p> <p>Advancecon’ Sustainability Report complies with Bursa Malaysia’s Sustainability Reporting Framework and included in the AR. The AR is available for reference at the Company’s website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</a>.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 4.3**

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 continuously keep themselves abreast with and understanding to the sustainability agendas which are relevant to the Company and its business through periodical updates by the SC.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	A detailed study is required for developing the criteria for the performance evaluations of the Board and the Management to address the material sustainability risks and opportunities.	
		The Company does not have any alternative practice currently.	
<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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Group Chief Operating Officer who is the leading the Sustainability Steering Committee provides direction, oversight and guidance throughout the Group to implement sustainability-related projects. He serves as a channel of communication in explaining the material, economic, environmental and social impacts to the Board.

### Intended Outcome

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

### Practice 5.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The NC annually assesses the experience, the tenure, and diversity required collectively for the Board and ensures that it is periodically refreshed so that it can discharge its duties effectively.</p> <p>The NC annually reviews the performance of all directors including those seeking re-election based on competency, preparedness and independence (for independent directors). Only those with satisfactory evaluation are recommended to the Board for re-election.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 5.2

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

<b>Application</b>	:	Departure												
<b>Explanation on application of the practice</b>	:													
<b>Explanation for departure</b>	:	<p>The current Board comprises of seven members with three being INED.</p> <table><tr><th>Designation</th><th>Number of Directors</th><th>Percentage (%)</th></tr><tr><td>Executive Directors</td><td>4</td><td>57.14</td></tr><tr><td>Independent and Non-Executive Directors</td><td>3</td><td>42.86</td></tr><tr><td>Total</td><td>7</td><td>100.00</td></tr></table> <p>The Board is in compliance with Paragraph 15.02 of the MMLR, which requires that at least two Directors or one-third of the Board of the Company, whichever is the higher, are INED.</p> <p>The Board is mindful that it does not comprise at least half of INED as it is of the view that the present INED, with the breadth of professional background and experience, have enabled the Board to exercise objective judgement on various issues through their sharing of impartial, objective and unbiased opinions and viewpoints. The Board is satisfied that the Independent Directors are independent of management and free from management and/or any business or other relationship which could interfere with the exercise of independent judgement, objectivity and the ability to act in the best interest of the Company.</p> <p>The current composition of the Board Committees (with the exception of the RMSC) however is made up of only INED. This affirms the Board's commitment towards independence in Board leadership and provides strong check and balance in the Board's governance function. Therefore, the lack of the necessary number of INED has not jeopardised the independence of Board deliberations and all decisions have been made in the best interest of the Company and the Group.</p>	Designation	Number of Directors	Percentage (%)	Executive Directors	4	57.14	Independent and Non-Executive Directors	3	42.86	Total	7	100.00
Designation	Number of Directors	Percentage (%)												
Executive Directors	4	57.14												
Independent and Non-Executive Directors	3	42.86												
Total	7	100.00												
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>														
<b>Measure</b>	:													

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

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

### Practice 5.3

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

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

<b>Application</b>	:	Not applicable - Step Up 5.4 adopted	
<b>Explanation on application of the practice</b>	:	During the FY2021, none of the Independent Directors have served as Independent Director for a cumulative term of nine years or more.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises that having a range of different skills, backgrounds and experiences is essential to ensure effective decision making and governance in the best interests of the Company.</p> <p>The normal selection criteria of a Director are based on an effective blend of competencies, skills, experience and knowledge so as to strengthen the Board.</p> <p>The NC is responsible for identifying, assessing and recommending the right candidates to the Board as well as reviewing the composition and performance of the Board. In making its recommendations, the NC will consider, among others, the mix of skills, knowledge, experience, diversity (including gender diversity), background, integrity, competence, time commitment and independence in order to meet the strategic objectives and business requirements of the Group.</p> <p>During the FY2021, the diversity for the Board and Senior Management are as follows:</p> <p><u>Board of Directors</u> Gender: Male (7); Female (0) Age: 40-49 (1); 50-59 (2); 60 &amp; above (4) Ethnicity: Malay (2); Chinese (5); Indian (0)</p> <p><u>Senior Management</u> Gender: Male (2); Female (0) Age: 30-39 (0); 40-49 (2); 50-59 (0); 60 &amp; above (0) Ethnicity: Malay (0); Chinese (2); Indian (0)</p> <p>Having assessed the size, composition and diversity of the Board annually, the NC and the Board opined that the existing Board has the requisite competencies and capacity to effectively discharge its functions and responsibilities.</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>	:	In identifying candidates for appointment of Independent Directors, the Board accepts recommendations from existing Board members, Management or major shareholders. In addition, the Company will also engage the Institute of Corporate Directors Malaysia ("ICDM") as an independent consultant to source suitably qualified candidates for future Board appointments.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 5.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The profiles of Directors are published in the AR and on Company's website. These include their age, gender, tenure of service, directorships in other companies, working experience and any conflict of interest as well as their shareholdings in the Company, if any.</p> <p>Clause 125 of the Company's Constitution provides that one-third of the Directors of the Company for the time being shall retire by rotation at the AGM of the Company. All the Directors shall retire from office once at least in each three years but shall be eligible for re-election. En. Mohd Zaky Bin Othman and Mr Tung Kai Hung are standing for re-election as Directors of the Company. En. Mohd Zaky Bin Othman, who is the Independent Non-Executive Director, has reaffirmed his independence based on independence criteria applied by the Company which is also used in the yearly assessment of Independent Non-Executive Director's independence and fulfilled the independence definitions as prescribed under the MMLR.</p> <p>En. Mohd Zaky Bin Othman and Mr Tung Kai Hung had abstained themselves from deliberation and decision by the Board on their re-election. The Board upon due deliberation, resolved to approve the proposed re-election of En. Mohd Zaky Bin Othman and Mr Tung Kai Hung at the 25<sup>th</sup> AGM of the Company, as recommended by the NC.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC is made up entirely of INEDs in compliance with paragraph 15.08A(1) of the MMLR.</p> <p>The NC is chaired by Mr. Yeoh Chong Keat, who is the Independent Non-Executive Chairman of the Group.</p> <p>The composition of the NC can be found on Page 4 of the AR 2021 under Corporate Information.</p> <p>The TOR of the NC was reviewed by the NC and approved by the Board on 24 February 2021. The TOR of the NC can be viewed at the Company's website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</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**

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>	:	Currently, our Board members comprise of all male Directors. The Board endeavours to fulfil gender diversity expected by Revised Malaysian Code on Corporate Governance 2021 ("MCCG") on or after 1 June 2023.	
		Nonetheless, the main criteria of the Advancecon Board's candidate is meritocracy based on relevant qualifications, experience, knowledge and expertise that will enhance the Board's value.	
<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 5.10**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. Board targets to appoint at least a female director on or after 1 June 2023.	
		The NC will evaluate, assess and recommend the right candidate to the Board based on the candidates’ competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group. Equal opportunity is given and the Board does not practise discrimination of any form, whether based on age, gender, race and religion throughout the organisation. Nevertheless, the Board will evaluate and match the criteria of the potential candidate as well as considering the boardroom diversity for any new proposed appointment of directors.	
<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>During the FY2021, the NC conducted a formal and objective internal annual assessment of the Board performance as a whole, the Board Committees and individual Directors, based on self and peer assessment which was undertaken internally. The assessment covers the size and composition of the Board as well as skill mix, industry experience, roles and responsibilities, and effectiveness of the Board, Board Committees and individual Directors based on a set of questionnaires and rating system.</p> <p>Below are the criteria used to assess Board, Board Committees and individual Directors respectively during the financial year:</p> <p>(a) Directors' self-assessment</p> <ul style="list-style-type: none"><li>• knowledge about the Group's vision and mission;</li><li>• individual roles, responsibilities and functions including but not limited to participation / deliberation at Board meetings, knowledge about the Group's financial status / performance and the state of affairs of the Group;</li><li>• competency and contribution.</li></ul> <p>(b) Board and Board Committees' assessment</p> <ul style="list-style-type: none"><li>• Board mix authority and composition to function effectively;</li><li>• quality of information and decision-making process with regards to financial performance and audit, risk management, internal control and communication with stakeholders.</li></ul> <p>The NC has referred to the criteria of "Independence" used in the definition of "independent directors" prescribed under the MMLR and MCCG when assessing the independence of INED.</p>

	<p>The results of the assessments were compiled by the Company Secretary for deliberation and recommendation at the NC meeting and the NC will subsequently table the matter to the Board for their consideration.</p> <p>The Board had undertaken the annual evaluation of themselves, its committees and each individual director for FY2021. The Board was satisfied with the outcome of the evaluation and was of the view that the internal evaluation was adequate to determine the overall effectiveness of the Board and individual Directors.</p> <p>The Board recognises that it is important that all Directors should be able to dedicate sufficient time to the Company to discharge their responsibilities effectively.</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 7.1

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 RC is authorised by the Board to establish a formal and transparent procedure for developing a policy on Executive Directors' remuneration.</p> <p>The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as Directors.</p> <p>The RC's principal objective is to evaluate, deliberate and recommend to the Board a remuneration policy for the Executive Directors that is fairly guided by market norms and industry practice. The RC also recommends the Executive Directors' remuneration and benefits based on their individual performances and that of the Group.</p> <p>The determination of the remuneration for INED is a matter of the Board as a whole. The level of remuneration for INED reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular INED concerned.</p> <p>The remuneration package of INED will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the Annual General Meeting ("AGM") based on recommendations of the Board.</p>

	The remuneration components of key Senior Management shall consist of basic salary, performance-based bonus, benefits-in-kind and other incentives (where applicable). The remuneration of key Senior Management is determined at a level which enables the Company to attract, develop and retain high performing and talented individual with the relevant experience, level of expertise and skills.	
<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>In line with the best practices of MCCG, the Board has set up a RC which comprises exclusively of INEDs in order to assist the Board for determining the remuneration of Directors' and Senior Management.</p> <p>Amongst the RC's functions and duties outlined in its TOR are:</p> <ul style="list-style-type: none"><li>(a) To provide assistance and implement the Company's policies and procedures on remuneration including reviewing and recommending matters relating to remuneration and key performance indicators of the Directors and Senior Management.</li><li>(b) To ensure the Group's remuneration package and key performance indicators are appropriately established after taking into account the demands, complexities and performance of the Company as well as skills and experience required and are aligned with our Group's vision, values and business objectives, market trends and information sources on the rates of salary for similar jobs in selected group of comparable companies.</li><li>(c) To ensure a fair differential between the remuneration of Directors and Senior Management and other levels of management is maintained.</li><li>(d) To review and determine the benefits in kind for the Directors and Senior Management.</li><li>(e) To provide assistance to the Board on matters relating to, amongst others, and ensure alignment of management grievances pertaining to compensation, compensation strategy, management development and other compensation arrangements in line with market practice.</li></ul>

	<p>The present members of the RC are as follows:</p> <ul style="list-style-type: none"> <li>• Fathi Ridzuan bin Ahmad Fauzi, Chairman (INED)</li> <li>• Yeoh Chong Keat, Member (Independent Non-Executive Chairman)</li> <li>• Mohd Zaky bin Othman, Member (INED)</li> </ul> <p>The TOR of the RC was reviewed by the RC and approved by the Board on 24 February 2021. The TOR of the RC can be viewed at the Company's website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</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>	:	The details of the Directors' Remuneration on a named basis and paid by the Company and its subsidiaries (including the components of directors' fees, salary, bonus, benefits in-kind and other emoluments) during the FY2021 were disclosed in the Corporate Governance ("CG") Overview Statement on page 27 of the AR.

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	Yeoh Chong Keat	Independent Director	97,200	Input info here	Input info here	Input info here	Input info here	5,000	102,200	97,200	Input info here	Input info here	Input info here	Input info here	5,000	102,200
2	Dato' Phum Ang Kia	Executive Director	Input info here	Input info here	1,083,600	45,500	Input info here	104,984	1,234,084	Input info here	Input info here	1,083,600	45,500	Input info here	104,984	1,234,084
3	Lim Swee Chai	Executive Director	Input info here	Input info here	885,600	37,250	Input info here	76,546	999,396	Input info here	Input info here	885,600	37,250	Input info here	76,546	999,396
4	Ir. Yeo An Thai	Executive Director	Input info here	Input info here	732,596	29,900	Input info here	146,658	909,154	Input info here	Input info here	732,596	29,900	Input info here	146,658	909,154
5	Tung Kai Hung	Executive Director	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	422,400	17,950	Input info here	57,125	497,476
6	Mohd Zaky Bin Othman	Independent Director	69,600	Input info here	Input info here	Input info here	Input info here	5,000	74,600	69,600	Input info here	Input info here	Input info here	Input info here	5,000	74,600
7	Fathi Ridzuan Bin Ahmad Fauzi	Independent Director	69,600	Input info here	Input info here	Input info here	Input info here	5,500	75,100	69,600	Input info here	Input info here	Input info here	Input info here	5,000	75,100 re



### 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>Disclosure on the remuneration of the top five Senior Management in the bands of RM50,000 is not provided in the CG Overview Statement of the Company's AR.</p> <p>However, the remuneration of the Executive Directors has been disclosed in the CG Overview Statement of the AR.</p> <p>At this juncture, the Board is of the opinion that the disclosure on the remuneration of the top five Senior Management on a named basis would not be in the best interest of the Group due to confidentiality and sensitivity concerns as well as the issue of competition and staff poaching.</p> <p>The Board will ensure that the remuneration of the Senior Management commensurate with their duties and responsibilities and the performance of the Company.</p> <p>Based on the above rationale, the Company is not in favour of disclosing the remuneration of the top five Senior Management on a named basis</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>	:	

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.

The company's financial statement is a reliable source of information.

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The roles of the Chairman of the Board and the Chairman of the AC are assumed by different Directors.</p> <p>The Chairman of the Board is Mr. Yeoh Chong Keat while the Chairman of the AC is En. Mohd Zaky Bin Othman.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	None of the members of the AC was a former audit partner during FY2021.	
<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 role of the AC in relation to the external auditors, Messrs Crowe Malaysia PLT ("EA") is found in the AC Report included in the AR. Management maintains a transparent working relationship with EA in seeking professional advice and ensuring compliance with the applicable accounting standards.</p> <p>The AC will meet with EA without the presence of Management to ensure that the independence and objectivity of EA are not compromised and matters of concerns expressed by the AC will be raised at that meeting.</p> <p>In November 2021, EA presented the Audit Planning Memorandum ("APM") to the AC and they have given written assurance and confirmation that they are and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Prior to the re-appointment of EA for the forthcoming AGM, the AC had undertaken an annual assessment of the quality of audit which encompassed the performance of EA, the quality of their communications with the AC and the Company and their independence, objectivity and professionalism. After the review, the AC was satisfied with the suitability of EA based on their quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The AC was also satisfied that the provision of the non-audit services provided by EA to the Company for the FY2021 did not in any way impair their objectivity and independence as external auditors of the Company.</p> <p>Having taken into consideration of the above, the Board, through the AC opined that the EA are independent and suitably qualified to act.</p>
<b>Explanation for departure</b>	:	

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

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



**Intended Outcome**

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>	:	<p>The AC consists of three members, who are all Independent Non-Executive Directors ("INED").</p> <p>The members of the AC are as follows:</p> <ul style="list-style-type: none"><li>• Mohd Zaky Bin Othman, Chairman (INED)</li><li>• Yeoh Chong Keat, Member (INED)</li><li>• Fathi Ridzuan Bin Ahmad Fauzi, Member (INED)</li></ul> <p>All the three INED have satisfied the independence test based on the criteria set out in the MMLR.</p> <p>The TOR of the AC was reviewed by the AC and approved by the Board on 24 February 2021. The TOR of the AC can be viewed at the Company's website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</a>.</p>

### 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>Members of the AC are financially literate and have diverse background and collectively, possess a wide range of necessary skills to discharge their duties to be able to understand matters under the purview of the AC including the financial reporting process.</p> <p>During the year, members of the AC were guided on the key audit matters, significant audit issues highlighted in the Audit Planning Memorandum and briefed by the external auditors on financial reporting and other updates.</p> <p>The Quarterly Interim Financial Reports are briefed to the members of the AC, discussed and deliberated amongst the members before the said Report was recommended to be tabled to the Board for approval.</p> <p>The AC members had attended training programmes to keep abreast of relevant industry issues, market development and trends including accounting and auditing standards to enable them to sustain their active participation in the functions of the AC.</p> <p>Details of the training and seminars attended by the Directors during FY2021 are set out in the CG Overview Statement on page 26 of the AR.</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>	:	<p>The Board recognises the importance of a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets. The Board acknowledges its primary responsibility to ensure that risks in the Group are identified, measured and managed with appropriate system of risk management and internal controls, and to ensure that the effectiveness, adequacy and integrity of the risk management and internal control systems are reviewed on an on-going basis.</p> <p>The Group has in place an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of business objectives for the year and up to the date of this report. The top risks are reported to the Board on regular basis for their deliberation.</p> <p>The RMSC continuously evaluates and monitors the significant risks relevant to the Group, appraises and assesses the efficacy of controls implemented to mitigate those risks through a formalised monitoring and reporting process. Reviews are conducted by the RMSC on a regular basis with additional reviews as and when required.</p> <p>Internal control and risk-related matters which require the attention of the Board were recommended by the RMSC to the Board for its deliberation and approval and matters or decisions made within the RMSC's purview were escalated to the Board for its notation.</p> <p>An overview of the state of risk management and internal control within the Group governed by the Risk Management and Internal Control Framework is set out in the Statement on Risk Management and Internal Control ("SORMIC") of the AR.</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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 and internal control framework, and the adequacy and effectiveness of this framework are disclosed in the SORMIC on pages 30 to 32 of the AR.	
<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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board had outsourced the internal audit function to an independent professional service firm, namely, Sterling Business Alignment Consulting Sdn Bhd which provides an independent assurance to the Board on the efficiency, effectiveness and adequacy of the Group’s system of internal controls.</p> <p>The internal audit functions are carried out in accordance to the risk based internal audit plan approved by the AC. The internal audit plan is developed taking into consideration the Group’s latest risk register, risk matrix, business environment, activities, and concerns of the Management and the Board. The Internal Auditors reports directly to the AC. Further details of the internal audit activities are set out in the AC Report on pages 43 to 44 and the SORMIC on pages 30 to 32 of the AR.</p> <p>The appointment of the internal auditor was reviewed by the AC annually and endorsed by the Board. The Internal Auditors have unrestricted access to the AC, Board and management.</p> <p>The internal audit personnel constantly keep themselves abreast with developments in the profession, relevant industry and regulations through attendance at conferences/trainings.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		



## Intended Outcome

Companies 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>In accordance with the Internal Audit Charter (Section 5. Independence &amp; Objectivity), Internal Auditors are required to confirm to the AC, at least annually, the organisational independence of the internal audit activity.</p> <p>The Group's internal audit function is outsourced to professional service firm Sterling Business Alignment Consulting Sdn Bhd ("Internal Auditors" or "Sterling"). Internal Auditors ensures adequate number of personnel to conduct the review.</p> <p>Sterling had confirmed that they are independent and free from any relationship or conflict of interest with the Group. The personnel of the Internal Auditors are free from any relationships or conflicts of interest which could impair their objectivity and independence.</p> <p>For the Financial year under review, the following Internal Auditors have led the reviews respectively.</p> <ul style="list-style-type: none"><li>- Ms. So Hsien Ying, a Certified Internal Control Professional (US), Master in Business Administration (Finance) (Hull), BSc Economics (Hons) (London), permanent member of The Internal Control Institute (US), Member of Malaysian Alliance of Corporate Directors and Associate Member of The Institute of Internal Auditors Malaysia (IIAM) with 27 years of experience in business process improvement, internal control review, internal audit and risk management.</li><li>- Ms. Yap Sau Peng, a member of Malaysian Institute of Accountant, Certified Member of The Institute Internal Auditors Malaysia, Certified Practicing Accountant (CPA) (Australia) and Master in Business Administration (Australia) with 19 years of experience in business process improvement, internal control review, internal audit and risk management.</li><li>- Mr. Cheng Chean, a member of Malaysian Institute of Accountant and a Certified Member of Institute of Internal Auditors Malaysia (CMIIA). He is also a Fellow Chartered</li></ul>

	<p>Certified Accountant (FCCA). Mr. Cheng has 15 years of hand on experience in the fields of External Audit, Internal Audit and Internal Control Review.</p> <p>The number of resources of Sterling deployed for each internal audit review ranges from 2 to 5 audit personnel per visit. The staff involved in the internal audit reviews possesses professional qualifications and/or university degree. Majority of the staff are members of The IIAM. The IA review work is reviewed by the respective Manager in charge of the assignment and the Principal.</p> <p>During the year, the internal audit function was carried out in accordance with the Committee of Sponsoring Organizations of the Treadway Commission's ("COSO") Internal Control — Integrated Framework. At the same time, Internal Auditors also refer to the International Standards For The Professional Practice Of Internal Auditing (Standards) as guidance of providing a general framework for performing and promoting a broad range of value-added internal auditing functions.</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 12.1

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>Advancecon ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosures. Advancecon also actively engages all its stakeholders through various platforms including the announcements via Bursa LINK, disclosures on Advancecon's website and engagement through the investor relations ("IR") briefings.</p> <p>The Board ensures the Company announces its quarterly results on a timely basis to the shareholders and also make necessary announcement to its stakeholders.</p> <p>Advancecon via its website, includes an IR section which provides all relevant information on the Company and is accessible to the public. This IR section enhances the IR function by including all announcements made by Advancecon.</p> <p>The IR function is established to enable continuous communication between the Company and its stakeholders. The stakeholders are encouraged to channel their enquiries to the respective personal whose name, contact number and e-mail address i.e. investors@advancecon.com.my is provided on Advancecon's website</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 12.2**

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

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

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Shareholders were given notice of more than 28 days in respect of the 24<sup>th</sup> AGM of the Company held on 17 June 2021.</p> <p>The 25<sup>th</sup> AGM of the Company is scheduled on 16 June 2022 and the Notice for the 25<sup>th</sup> AGM has been despatched to shareholders of the Company on 29 April 2022 which is more than 28 days prior to the meeting.</p> <p>The additional time given to the shareholders allows them to make the necessary arrangements to attend and participate in person or through their corporate representatives and/or proxies. It also enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the AGM.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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 the Board members attended the 24<sup>th</sup> AGM of the Company held on 17 June 2021 and Extraordinary General Meeting (“EGM”) of the Company held on 26 October 2021</p> <p>The Chairman presides over the AGM and EGM and where appropriate, directs shareholders’ queries to the Chairman of AC, NC and RC respectively during the meetings.</p> <p>The members of Senior Management were also in attendance at the General Meetings to allow shareholders to raise questions and concerns directly to them if required.</p> <p>The Company uploaded the outcome of AGM and EGM on the Company’s website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</a> as soon as practicable after the conclusion of the said 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>At its virtual 24<sup>th</sup> AGM held on 17 June 2021 and EGM held on 26 October 2021 respectively, the Company had leveraged technology to facilitate for the conducting of the Remote Participation and electronic voting facilities ("RPV").</p> <p>The Company's forthcoming 25<sup>th</sup> AGM scheduled to be held on 16 June 2022 will be conducted on a virtual basis through live streaming and RPV in view of the COVID-19 pandemic so as to ensure the safety of all individuals in accordance with the Guidance on Conduct of General Meetings by Listed Issuers by the SC in July 2021 (as amended from time to time) and the standard operating procedures issued by Majlis Keselamatan Negara or MKN.</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>	<p>The 24<sup>th</sup> AGM was a virtual meeting. The Company had issued the AR 2021 for 24<sup>th</sup> AGM together with administrative notes which encompassed the guidance on the conduct of the virtual meeting.</p> <p>The shareholders were allowed to submit their questions electronically through the online platform provided by Tricor Investor &amp; Issuing House Services Sdn Bhd (Tricor) via its TIIH Online website at <a href="https://tiih.online">https://tiih.online</a> prior to AGM (from 8 June 2021), or used the query box to transmit questions to the Board via Remote Participation and Voting ("RPV") facilities during live streaming of the AGM.</p> <p>The Chairman of the AGM had also informed the shareholders during the live streaming of the AGM on 17 June 2021 that they could submit their questions and comments to the Board during the AGM via the RPV facilities.</p> <p>In view that shareholders were allowed to submit questions commencing 29 April 2022, they were given sufficient opportunity to pose their questions before the AGM and during the AGM. The Company had ensured that all the questions were answered. Questions received after the close of Q&amp;A session were answered via emails.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:



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

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

## Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In view of the COVID-19 pandemic, the Company's held its 24<sup>th</sup> AGM as a virtual general meeting.</p> <p>The RPV facilities provided by Tricor Investor &amp; Issuing House Services Sdn Bhd via its TIIH Online website at <a href="https://tiih.online">https://tiih.online</a> allowed shareholders to pose questions to the Board and Chairman of the AGM via typed text in the query box.</p> <p>At the "Questions and Answers" session in the meeting agenda, the TIIH Online platform had the facilities to live broadcast the questions/remarks and answers; and the shareholders had experienced real time interaction with the Board during the AGM.</p> <p>Questions posed by shareholders had been made visible to all meeting participants during the meeting itself via RPV facilities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Minutes of the 24 <sup>th</sup> AGM held on 17 June 2021 and EGM held on 26 October 2021 have been made available to shareholders no later than 30 business days after the AGM and EGM on its Company's website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</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>	:	

## **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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