

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7157
COMPANY NAME : CYL CORPORATION BERHAD
FINANCIAL YEAR : January 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("Board") of CYL Corporation Berhad ("CYL") acknowledges the importance of enhancement of corporate governance practices outlined in the Malaysian Code on Corporate Governance ("MCCG" or "Code"). It is the Board's responsibility and commitment to ensure that high standards of corporate governance are being practised in the Company and its subsidiary ("Group"), thereby safeguarding the assets of the Group and its shareholders' investments. The Board believes that it has substantially complied with the recommendations set out in the Code.</p> <p>The Board assumes the following duties and responsibilities:-</p> <ul style="list-style-type: none">a) together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;b) review, challenge and decide on Management's proposals for the Company, and monitor its implementation by Management;c) ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;d) supervise and assess Management's performance to determine whether the business is being properly managed;e) ensure there is a sound framework for internal controls and risk management;f) understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;g) set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;

	<p>h) ensure Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;</p> <p>i) ensure the Company has in place procedures to enable effective communication with stakeholders;</p> <p>j) ensure all Directors are able to understand financial statements and form a view on the information presented; and</p> <p>k) ensure the integrity of the Company's financial and non-financial reporting.</p> <p>To facilitate the discharge of the Board's responsibility and oversight role, the Board is assisted by various Board Committees namely the Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC") which have been established with Terms of Reference setting out their duties and responsibilities. The Chairman of the respective Committees report regularly to the Board on the key findings of their review and/or make recommendations to the Board. The ultimate responsibility for decision making, however, lies with the Board.</p>
<p>Explanation for departure</p>	<p>:</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>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</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 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The responsibilities of the Chairman of the Board are clearly specified in the Board Charter of CYL which is available on the Company's website at www.cylcorporation.com.</p> <p>The responsibilities of the Chairman are as follows:-</p> <ul style="list-style-type: none"> • leading the Board in setting its values, ethical standards and good corporate governance practices in the Group; • developing corporate strategies; • attaining long-term growth objectives of the Group; • leading Board discussions, encourage active participation and allowing dissenting views to be freely expressed; • setting the agenda for Board Meetings with assistance of the Company Secretary and ensuring all relevant issues for the effective running of the Group's businesses are on the agenda; • managing the interface between Board and Management; • ensuring proper flow of information to the Board, reviewing adequacy and timing of documentary materials in support of Management's proposal and review of performance of the Company and/or Group; • ensuring effective communication with shareholders and relevant stakeholders; • ensuring compliance with all relevant regulations and legislations; and • presiding over the Board and general meetings of the Company. <p>The Chairman also ensures that there is a good balance between time allocated to governance matters and discussions on business performance and strategies at board meetings.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and Managing Director (“MD”) are held by different individuals.</p> <p>The Chairman of the Board is a Non-Independent Non-Executive Director. There is a clear division of responsibilities between the Chairman and MD of the Company to ensure a balance of power and authority. The Chairman’s responsibility is to ensure the effectiveness of the Board while the MD is responsible for overall operations and effective implementation of the Board’s decisions and policies.</p> <p>The roles and responsibilities of the Chairman and the MD are clearly outlined in the Board Charter of CYL.</p> <p>The Board meets at least five (5) times a year to review the quarterly results and audited financial statements. The MD provides update on the business operations and strategies of the Group.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: The Chairman of the Board, Tan Sri Abu Talib Bin Othman, a Non-INED ("INED"), was a member of the AC and NC and Chairman of the RC.
	: In order to comply with Practice 1.4 of the MCCG, Tan Sri Abu Talib Bin Othman has relinquished his memberships from all Board Committees on 30 March 2023.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	: Choose an item.

Intended Outcome

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

Practice 1.5

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by qualified Company Secretaries who ensure the Board's actions and policies are in compliance with the relevant regulatory requirements i.e. Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Companies Act 2016 ("Act"). At least one of the Company Secretaries or a representative from the secretarial firm is in attendance at meetings of the Board, Board Committees and shareholders to ensure that the meetings are properly convened and the proceedings are recorded.</p> <p>The Company Secretaries also serve notices to the Directors on the prohibition and procedures of dealings during and outside closed periods pursuant to Chapter 14 of the MMLR of Bursa Securities.</p> <p>Both Company Secretaries are qualified to act as secretaries under Section 235(2) of the Act. The Company Secretaries have undertaken continuous professional development by attending training during the year under review. The Board is satisfied with the performance and support rendered by the Company Secretaries in assisting them to discharge their duties.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>Board meetings are scheduled in advance and an annual meeting calendar is circulated to all Directors before the beginning of the new financial year to enable the Directors to plan ahead and fit the year's meetings into their own schedules.</p> <p>All Directors have full and unrestricted access to timely information pertaining to the Group. The agenda for every Board and Board Committees meeting, together with a set of Board and Board Committees papers are furnished to all Directors for their perusal prior to the Board and Board Committees meetings. This is to ensure sufficient time is given to the Directors to review and consider the agenda items to be deliberated at the Board and Board Committees meetings.</p> <p>The Board and Board Committees papers include, amongst others, quarterly financial reports, year-end financial statements of the Group and annual budget.</p> <p>The Board may, at any time, request for additional information and obtain further clarification from Management and the Company Secretaries pertaining to any agenda items to be deliberated prior to or post Board and Board Committees meetings.</p> <p>The Directors, collectively or individually, have unrestricted access to the advice and services of the Company Secretaries, Senior Management and independent professional advisers including the External Auditors, at the Company's expense.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board Charter provides guidance for Directors and Management regarding the responsibilities of the Board, Board Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities.</p> <p>The Board Charter is reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s duties and responsibilities. The Board Charter is available for reference on the Company’s website at www.cylcorporation.com.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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 3.1

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 to creating an environment whereby ethics and professionalism are placed in the highest priority in line with good corporate governance practices. The Board observes and adheres to the Code of Conduct. The Board has also adopted Whistleblowing Policy and Anti-Corruption and Bribery Policy.</p> <p>The Code of Conduct, Whistleblowing Policy and Anti-Corruption and Bribery Policy are available for reference on the Company's website at www.cylcorporation.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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.

Application	:	Applied	
Explanation on application of the practice	:	The Company has adopted a Whistleblowing Policy which is available on the Company's website at www.cylcorporation.com .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Although not in full compliance, the Board is well aware of its responsibilities in respect of sustainability considerations which include economic, environment and social matters as stated in the Sustainability Statement of the Annual Report 2023.	
		Services of an external consultant for assessment of the risks and opportunities related to the Group's operations will be engaged in due course.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Although not in full compliance, the Board is well aware of its responsibilities in respect of sustainability considerations which include economic, environment and social matters as stated in the Sustainability Statement of the Annual Report 2023.	
		Services of an external consultant for assessment of the risks and opportunities related to the Group's operations will be engaged in due course.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Although not in full compliance, the Board is well aware of its responsibilities in respect of sustainability considerations which include economic, environment and social matters as stated in the Sustainability Statement of the Annual Report 2023.	
		Services of an external consultant for assessment of the risks and opportunities related to the Group's operations will be engaged in due course.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has incorporated sustainability as one of the evaluation criteria in the annual assessment on the performance of the Board and Senior Management, who are also the MD and Executive Directors of the Company, in respect to environmental, social and governance (ESG) and their performance in addressing the Company’s material sustainability risks and opportunities for the financial year ended 31 January 2023 (“FYE 2023”).	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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>In order to comply with Practice 1.4 of the MCCG where the Chairman of the Board should not be a member of the AC, NC or RC, the Board has appointed a new INED, Encik Abd Malik Bin A Rahman prior to Tan Sri Abu Talib Bin Othman relinquishing his membership from all the Board Committees on 30 March 2023.</p> <p>Prior to his appointment on 1 February 2023, the NC had reviewed the results of the fit and propriety assessment on him as well as conducted an assessment on his independence. The NC found him to be independent in character and judgement.</p> <p>Based on the recommendation of the NC, the Board agreed to the appointment of Encik Abd Malik Bin A Rahman as an INED and a member of the AC, NC and RC of the Company.</p> <p>The NC evaluates the performance of the Board members on an annual basis. The Board committees are also reviewed annually by the NC on their performance and effectiveness.</p> <p>The annual exercise involves Directors completing questionnaires covering the assessment of the Board and Board Committees performance, assessment of individual Directors (self and peer evaluation), assessment on mix of skill and experience of Board and assessment on independence amongst others.</p> <p>The Directors' responses are then collated by the Company Secretaries and a summary of the responses would be submitted to the NC for deliberation. The NC would review the summary, assess the Board and Board Committees' performance, and make necessary recommendations to the Board.</p> <p>Based on the assessment carried out on 30 March 2023, the Board was satisfied that the Company has a well-balanced Board with its members having diverse skill sets and core competencies, the Directors had discharged their duties and responsibilities in the year under review and the Board Committees had discharged their functions in accordance with their respective Terms of Reference.</p>

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>As of 31 January 2023, the Board consists of four (4) Executive Directors, two (2) INEDs and one (1) Non-INED.</p> <p>Following the resignation of Mr Ong Chong Chee on 30 November 2022, the Company had appointed a new INED, Encik Abd Malik Bin A Rahman to the Board on 1 February 2023 to fill in the vacancy.</p> <p>The INEDs provide an element of objectivity, independent views, evaluations, check and balance on Board deliberations and decisions. This ensures that the interests of the Group, shareholders, employees, customers, suppliers and other business associates are safeguarded.</p> <p>The INEDs are persons of high calibre, credibility and have the skills and experience to bring an independent judgement on issues of strategy, performance and resources including key appointments and standards of conduct.</p> <p>Having regard to the MCCG which states that the Board should apply the practices by taking into account the environment that their companies operate in, size and complexity, and the nature of risks and challenges faced, the Board is of the opinion that although the number of INEDs is slightly less than half of the Board, the objectivity of deliberations are not jeopardized and decisions are made in the best interest of the Company.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Company does not have an Independent Director who has served for a term exceeding nine (9) years.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company acknowledges that a diverse Board would enhance the Group's performance, improve employee retention and bring different perspectives and ideas to the Board.</p> <p>The NC is tasked by the Board to make independent recommendations for appointments to the Board. Appointment of Directors shall be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>In making these recommendations, the NC shall assess the suitability of candidates, taking into account the character, integrity, competence, professionalism, time commitment and other qualities of the candidates, before recommending their appointments to the Board for approval.</p> <p>On 19 September 2022, the Board had appointed Mr Chen Teck Sun as an Executive Director of the Company. Based on the review and the fit and proper assessment carried out, the NC expressed confidence in Mr Chen Teck Sun's character, experience, integrity, competence and time to effectively discharge his role as an Executive Director of the Company.</p> <p>On 1 February 2023, the Board had appointed Encik Abd Malik Bin A Rahman as an INED of the Company. Based on the review and the fit and proper assessment (including bankruptcy search, CTOS search and WorldCheck) carried out by the Company, the NC expressed confidence in Encik Abd Malik Bin A Rahman's character, experience, integrity, competence and time to effectively discharge his role as an INED of the Company.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 5.6

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is tasked by the Board to make independent recommendations for appointments to the Board. Appointment of Directors shall be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>In making these recommendations, the NC shall assess the suitability of candidates, taking into account the character, integrity, competence, professionalism, time commitment and other qualities of the candidates, before recommending their appointments to the Board for approval.</p> <p>The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory requirements are complied with.</p> <p>On 1 February 2023, the Board had, based on the recommendation of the NC, appointed a new INED, Encik Abd Malik Bin A Rahman. He was a former INED of the Company, from 16 September 2002 till 1 December 2018, who had resigned due to the restriction on the number of directorships allowed for his board seat in a financial institution.</p> <p>Prior to his appointment on 1 February 2023, the NC had reviewed the results of the fit and propriety assessment on him as well as conducted an assessment on his independence. The NC found him to be independent in character and judgement. His familiarity with the Group's business structure was an added advantage.</p> <p>The NC did not rely on other sources to identify candidate as the candidate recommended by the existing Directors had met the relevant criteria of a new appointment.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 5.7

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.

Application	: Applied
Explanation on application of the practice	<p>In accordance with the Constitution of the Company (“Constitution”), all Directors who are appointed by the Board shall retire from office and are subject to election by shareholders at the Company’s next Annual General Meeting (“AGM”) after their appointment.</p> <p>The Constitution also provides that one-third (1/3rd) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3rd), shall retire from office at the conclusion of the AGM in every year provided always that all Directors shall retire from office once at least in each three (3) years. A retiring Director shall retain office until the close of the meeting at which he/she retires and shall be eligible for re-election.</p> <p>This provides an opportunity for shareholders to renew their mandates. The election of each Director is voted on separately.</p> <p>The NC had carried out the fit and proper assessment of the following Directors who are retiring pursuant to Clause 76(3) of the Constitution and subject to re-election at the Twenty-Third AGM, and the Board was satisfied with the evaluation of their performance and contributions including their fitness and propriety:-</p> <ul style="list-style-type: none">a. Tan Sri Abu Talib Bin Othman; andb. Mr Chen Teck Shin. <p>Mr Chen Teck Sun, who was appointed as the Executive Director of the Company on 19 September 2022 and Encik Abd Malik Bin A Rahman, who was appointed as the INED of the Company on 1 February 2023, will be subject to retirement pursuant to Clause 78 of the Constitution. The NC had also carried out the fit and proper assessment of both Mr Chen Teck Sun and Encik Abd Malik Bin A Rahman before recommending the Board to table the resolution on their re-elections at the Twenty-Third AGM.</p>

	Information on the age, gender, tenure of service, directorship in other companies, working experience and any conflict of interest as well as shareholding in the Company of Directors seeking re-election was included in the Annual Report.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied
Explanation on application of the practice	:	<p>As of 31 January 2023, the NC is chaired by Madam Tang Sook Kuen, an INED.</p> <p>The NC comprises exclusively Non-Executive Directors with a majority of them being Independent Directors.</p> <p>On 30 March 2023, Madam Tang Sook Kuen was redesignated as a member of the NC. Ms Gan Kok Ling, who is an INED, is the current Chairperson of the NC.</p> <p>Subsequent to Tan Sri Abu Talib Bin Othman relinquishing his membership in the NC on 30 March 2023, the NC currently comprises three (3) members, all of whom are INEDs.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted the Boardroom Diversity Policy.</p> <p>This policy is to consider candidates from various backgrounds, without discrimination to gender, age and ethnicity when deciding on appointments to the Board. An overriding principle is that all appointments to the Board will be based upon merit, experience, qualification, character, time commitment and integrity and contribution the candidates may bring to the Board.</p> <p>Although the Company has not set any specific target for female directors on the Board, more than 30% of the Board is made up of female Directors. The Company has not set any specific target for age and ethnic diversity in the boardroom but will continue to review the composition of the Board with a view of having a well-balanced age diversity and multi-ethnicity representation on the Board.</p> <p>The Boardroom Diversity Policy can be found on the Company’s website at www.cylcorporation.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has adopted the Boardroom Diversity Policy.</p> <p>Although the Company has not set any specific target for female directors on the Board, more than 30% of the Board is made up of female Directors.</p> <p>The Company has not set any specific target for age and ethnic diversity in the boardroom but will continue to review the composition of the Board with a view of having a well-balanced age diversity and multi-ethnicity representation on the Board.</p> <p>The Boardroom Diversity Policy can be found on the Company’s website at www.cylcorporation.com.</p> <p>The Company has 1 female (out of 4) at senior management level.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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>	
Application	: Applied
Explanation on application of the practice	: <p>The NC evaluates the performance of the Board members on an annual basis. The Board committees are also reviewed annually by the NC for their performance and effectiveness.</p> <p>The annual exercise involves Directors completing questionnaires covering the assessment of the Board and Board Committee's performance, assessment of individual Directors (self and peer evaluation), assessment on mix of skill, experience and size of the Board and assessment on independence amongst others.</p> <p>The Directors' responses are then collated by the Company Secretaries and a summary of the findings would be submitted to the NC for deliberation. The NC would review the summary, assess and make recommendations to the Board.</p> <p>Upon the assessment and recommendation made by the NC on 30 March 2023, the Board is satisfied and believed that the individual Directors appointed to the Board are of high calibre, integrity and experienced and can be entrusted to discharge their duties and responsibilities effectively.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:

Timeframe	:		
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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.

Application	:	Applied
Explanation on application of the practice	:	<p>The RC examines and recommends to the Board the remuneration packages of the Executive Directors and Senior Management, who are also the Executive Directors of the Company, taking into consideration all relevant factors including skills, experience and responsibilities involved as well as linking rewards to the corporate and individual performance. The performance of MD and Executive Directors is measured by their contribution to both the Board and the Company. The remuneration of MD and Executive Directors includes salary and allowances, bonus and benefits-in-kind.</p> <p>In the case of Non-Executive Directors, the Board believes that the remuneration should reflect the level of experience and responsibilities undertaken by the respective Directors.</p> <p>All Directors shall abstain from deliberations and voting on their own remuneration. Directors who are shareholders shall abstain from voting at general meetings on the resolution concerning their fees.</p> <p>The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board.</p> <p>The Board has formally established and adopted the Remuneration Policy for Directors and Senior Management. The Remuneration Policy can be accessed on the Company's website at www.cylcorporation.com.</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 level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established the RC on 24 December 2003. The RC has been set up to assist the Board in assessing the remuneration packages of the Executive Directors, Non-Executive Directors and Senior Management, who are also the Executive Directors of the Company.</p> <p>The RC assists the Board in developing and administering a fair and transparent procedure for setting policy on remuneration of Directors and Senior Management that will attract and retain the right talent in the Board and Senior Management to drive the Company's long-term objectives.</p> <p>In the case of Non-Executive Directors, the Board believes that the level of remuneration should reflect the level of experience and responsibilities undertaken by the respective Directors.</p> <p>The Board has formally established and adopted the Remuneration Policy for Directors and Senior Management. The Remuneration Policy can be accessed on the Company's website at www.cylcorporation.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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.

Application	:	Applied
Explanation on application of the practice	:	The details of the remuneration of Directors of the Company for FYE 2023 are as follows:-

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	CHEN YAT LEE	Executive Director	-	-	-	-	-	-	-	-	-	543,721	-	-	65,256	608,977
2	CHEN TECK SHIN	Executive Director	-	-	-	-	-	-	-	-	-	336,000	-	-	40,320	376,320
3	CHEN WAI LING	Executive Director	-	-	-	-	-	-	-	-	-	288,000	-	-	34,560	322,560
4	TAN SRI ABU TALIB BIN OTHMAN	Non-Executive Non-Independent Director	-	3,000	-	-	-	-	3,000	168,000	3,000	-	-	-	-	171,000
5	GAN KOK LING	Independent Director	48,000	4,000	-	-	-	-	52,000	48,000	4,000	-	-	-	-	52,000
6	TANG SOOK KUEN	Independent Director	48,000	4,000	-	-	-	-	52,000	48,000	4,000	-	-	-	-	52,000
7	ONG CHONG CHEE	Independent Director	40,000	3,500	-	-	-	-	43,500	40,000	3,500	-	-	-	-	43,500
8	CHEN TECK SUN	Executive Director	-	-	-	-	-	-	-	-	-	384,000	-	-	46,080	430,080
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Not applicable - all members of senior management are members of the board	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>As of 31 January 2023, the AC is chaired by Madam Tang Sook Kuen, an INED whereas the Chairman of the Board is Tan Sri Abu Talib Bin Othman.</p> <p>On 30 March 2023, Madam Tang Sook Kuen was redesignated as a member of the AC. Encik Abd Malik Bin A Rahman, who is an INED, is the current Chairman of the AC.</p> <p>Subsequent to Tan Sri Abu Talib Bin Othman relinquishing his membership in the AC on 30 March 2023, the AC currently comprises three (3) members, all of whom are INEDs.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Terms of Reference of the AC adopted by the Board requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.</p> <p>As of to-date, the Company has not appointed any former audit partner as a member of the AC.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Policy on External Auditors provides a guideline on the selection, appointment and re-appointment of the External Auditors, assessment of the independence of the External Auditors, rotation of audit engagement partner, review of the performance of the External Auditors and non-audit services provided by the External Auditors.</p> <p>The Company establishes and maintains an appropriate and transparent relationship with the Company's External Auditors, Mazars PLT, in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.</p> <p>The AC met the External Auditors twice during the financial year without the presence of the Managing Director and Executive Directors. The practice of periodically rotating the audit engagement partner, engagement quality control review partner and key audit partners ensures an independent relationship between the Company and the External Auditors. Apart from that, during the audit planning stage, independence is further enhanced with the External Auditors providing a summary of their internal policy and important safeguards and procedures to address threats to the independence and objectivity of the audit.</p> <p>The AC assesses the level of service provided by the External Auditors, taking into account the following criteria, amongst others:</p> <ul style="list-style-type: none">• quality and rigour of their audit;• quality of service provided;• internal quality control procedures;• effectiveness and timeliness of their communication and report to the Board and/or the AC;• independence (both in fact and appearance) and objectivity; and• appropriateness of the proposed fees to support a quality audit. <p>Mazars PLT has declared to the AC that they are independent from the Group and in compliance with the independence requirements set out in the By-Laws (on Professional Ethics, Conduct and Practice) of the</p>

	<p>Malaysian Institute of Accountants and the Code of Conduct for Objectivity and Independence of Mazars PLT.</p> <p>On 30 March 2023, the AC conducted an annual assessment on the External Auditors. The AC, having assessed the independence of Mazars PLT as well as reviewed the level of non-audit services rendered by them for FYE 2023, was satisfied with their suitability, objectivity and independence. The Board, based on the AC's recommendation, will be tabling their re-appointment for shareholders' approval at the Twenty-Third AGM.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied	
Explanation on application of the practice	:	The members of the AC are financially literate. All members of the AC have undertaken continuous professional development and training during FYE 2023 as disclosed in the Corporate Governance Overview Statement in the Annual Report 2023, based on their individual learning requirements as well as the financial and corporate developments.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its overall responsibility for maintaining a system of internal control within the Group, which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as internal financial administration procedures and guidelines, in order to safeguard shareholders' interest of the Group's assets.</p> <p>The Board engages the services of an outsourced internal audit firm, Kloo Point Risk Management Services Sdn. Bhd. ("Kloo Point"), to review a wide scope of areas i.e. finance functions, human resource, production and operations to occupational health and safety to identify any weaknesses in the internal controls. Management is proactive in identifying new areas for the Internal Auditors to conduct their testing.</p> <p>The AC reviews internal control issues identified by the Internal Auditors and Management. In the process, it evaluates the adequacy and effectiveness of the Group's risk management and internal control system.</p> <p>The Group is progressively developing and enhancing its operating policies and procedures to address the changing environment of its business operations and practices.</p> <p>The Standard Operating Procedures Manual developed by Management sets out the policies, procedures and practices to identify and mitigate risks, and to ensure that their reporting and compliance objectives are met.</p> <p>Management team communicates regularly to monitor operational and financial performance as well as to formulate action plans to address any area of concern. Scheduled and ad-hoc meetings are held at operational and management levels to identify, discuss and resolve business and operational issues.</p>
Explanation for departure	:	

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

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

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

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The key features of the Group’s risk management and internal control framework, which covers their adequacy and effectiveness are disclosed under the Statement on Risk Management and Internal Control in the Annual Report 2023.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

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

Practice 10.3 - 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.

Application :	Not Adopted
Explanation on adoption of the practice :	

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 internal audit function is outsourced to an independent professional services firm, Kloo Point, to assist the Board and the AC in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control systems.</p> <p>The Internal Auditors undertake internal audit review in accordance with the Internal Audit Plan that is developed based on the Internal Auditors' understanding of the Company's business environment and significant business processes that have an impact on the Company's performance in consultation with Management and input from the AC.</p> <p>The Internal Auditors review the adequacy and effectiveness of the internal control systems of the business units, and advises executive and operational management on areas for improvement and subsequently review the extent to which its recommendations have been implemented.</p> <p>The internal audit reports are submitted to the AC and the audit issues are discussed during the AC meetings. The Internal Auditors present the findings together with ideas and recommendations to improve the internal control systems to the AC. The Internal Auditors carry out follow-up reviews and report on the status of implementation of management action plans to the AC.</p> <p>During the year, the areas of review included raw material control, secondary process (printing and labelling), sales order and occupational health and safety. There were no significant findings from the reviews conducted by the Internal Auditors.</p> <p>The External Auditors had, during the course of their audit work, reviewed the Internal Audit Report and Internal Audit Progress Reports and is satisfied that it is adequate. The External Auditors had also reviewed the Statement on Risk Management and Internal Control.</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.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is outsourced to an independent professional services firm, Kloo Point, to assist the AC in assuming the task of internal control review and risk assessment functions of the Group.</p> <p>The team from Kloo Point is headed by Mr Khor Ben Jin, who is a Fellow of the Association of Chartered Certified Accountants, UK, a Certified Internal Auditor, USA, as well as a member of the Malaysian Institute of Accountants. He has more than 17 years of experience in providing internal audit consulting services, risk assessments and corporate governance reviews in the aspects of risk management, control and governance processes in highly regulated environments.</p> <p>Mr Khor Ben Jin, supported by three (3) team members, leads the reviews and the engagement to ensure that the internal audit function is carried out effectively.</p> <p>The internal audit function has adopted the International Professional Practices Framework set by the Institute of Internal Auditors. Kloo Point ensures that its staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review.</p> <p>The Internal Auditors are free from any relationships or conflicts of interest, which could impair the audit objectivity and independence for each audit engagement. The Internal Auditors report directly to the AC.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the need for shareholders to be informed on all material business matters affecting the Group. In addition to the various announcements made, the timely release of financial results on a quarterly basis provides shareholders and the investing public with an overview of the Group's performance and operations. The Board has adopted the Corporate Disclosure Policy which can be viewed from the Company's website at www.cylcorporation.com.</p> <p>In maintaining the commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as to the general investing public. The practice of disclosure of information is not just established to comply with the requirements of the MMLR of Bursa Securities pertaining to continuing disclosures, it also adopts the best practices as recommended in the MCCG with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis.</p> <p>The Annual Report is the main channel of communication between the Company and its shareholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the Annual Report are also governed by the MMLR of Bursa Securities. The Annual Report 2023 is issued more than twenty-eight (28) days prior to the Twenty-Third AGM, thereby giving shareholders ample time to go through the Annual Report 2023.</p> <p>Another key avenue of communication with its shareholders is the Company's AGM, which provides a useful forum for shareholders to engage directly with the Directors. The Board encourages participation of shareholders at every general meeting of the Company and opportunity is given to shareholders to make relevant enquiries and seek clarification on the Group's business activities and financial performance.</p>

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

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Notice of the Twenty-Second AGM was issued to shareholders on 27 May 2022, more than one (1) month in advance of the Twenty-Second AGM.</p> <p>The Company's Notice of the Twenty-Third AGM is published in a nationally circulated newspaper and issued to shareholders on 25 May 2023, thereby giving shareholders more than twenty-eight (28) days' notice in advance of the Twenty-Third AGM, which will be held on 20 July 2023.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>At the Twenty-Second AGM, all the Directors, including Chairmen of the Board Committees, were present in person to engage directly with shareholders. The Company had ensured that sufficient time was allocated for the Directors to address questions posed by shareholders who attended physically at the Twenty-Second AGM.</p> <p>The Chairman invited the shareholders, corporate representatives and proxies who were present to raise questions relating to matters on the meeting's agenda and the resolutions set out in the Notice of the Twenty-Second AGM before putting the resolutions to vote. The Senior Management and External Auditors were also present to respond to queries from the floor.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

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.

Application	:	Applied
Explanation on application of the practice	:	<p>Not applicable as the Twenty-Second AGM was held physically at Ballroom 2, LG Level, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia on 28 July 2022.</p> <p>All resolutions tabled at the Twenty-Second AGM were voted by poll in accordance with Paragraph 8.29A of the MMLR of Bursa Securities.</p> <p>The Company dispatches its Notice of AGM and Proxy Form to all shareholders with a notice period of more than twenty-eight (28) days thus providing sufficient time to shareholders to decide whether they wish to attend, participate, speak and vote at the meeting personally or appoint a proxy to attend the meeting in their stead.</p> <p>Tricor Investor & Issuing House Services Sdn. Bhd. was appointed as the Poll Administrator to administer the polling process and an independent scrutineer was appointed to validate the poll results. Voting results of the general meetings were displayed on the screen to shareholders/proxies.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

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>	
Application	: Applied
Explanation on application of the practice	: <p>At the Twenty-Second AGM, all Directors, including Chairmen of the Board Committees, were present in person to engage directly with shareholders.</p> <p>The Chairman ensured that sufficient time was allocated for the Board and Management to address questions posed by shareholders who attended the Twenty-Second AGM.</p> <p>Senior Management and External Auditors were also in attendance to respond to shareholders' queries.</p> <p>The Board endeavours to provide clear and meaningful responses to questions posed to them by shareholders at the forthcoming AGM.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.5

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>	
Application :	Not applicable – only physical general meetings were conducted in the financial year
Explanation on application of the practice :	
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.6

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>	
Application	: Applied
Explanation on application of the practice	: The minutes of the Twenty-Second AGM of the Company held on 28 July 2022 were circulated to shareholders within thirty (30) business days after the AGM. The minutes of the Twenty-Second AGM was published on the Company’s website at www.cylcorporation.com .
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**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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