

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7083  
**COMPANY NAME** : ANALABS RESOURCES BERHAD  
**FINANCIAL YEAR** : April 30, 2022

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

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| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <p>The Board provides the overall governance as well as stewardship and oversight for the direction and management of the Company and Group.</p> <p>In discharging its duties and functions effectively, the Board delegates certain responsibilities to its Board Committees. All committees have written terms of reference. These Committees are formed in order to enhance business and operating efficiency. The Chairman of the respective Committee will report to the Board the outcome of the Committees Meetings for the Board's consideration and final decision. Minutes of the respective Meeting will be presented to the Board for its information.</p> <p>The Board retains full responsibility for the direction and control of the Company and the Group. The Board Charter and Terms of Reference of the Board Committees are available on the Company's website at <a href="http://www.analabs.com.my">www.analabs.com.my</a>. The Board establishes the vision and strategic objectives of the Group, directing policies, strategic action plans and stewardship of the Group's resources. The Board's role and responsibilities amongst others include:</p> <ul style="list-style-type: none"><li>i. Overseeing and evaluating the conduct and performance of the Company and Group;</li><li>ii. Ensuring that the statutory accounts of the Group are true and fairly stated and conform with the relevant regulations including acceptable accounting policies and approved financial reporting standards;</li><li>iii. Identifying principal risks and ensuring implementation of a proper risk management system;</li><li>iv. Establishing a succession plan;</li><li>v. Overseeing the development and implementation of a shareholder communication policy for the Company;</li></ul> |

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|  | vi. Reviewing the adequacy and the integrity of the management information and internal controls system of the Group;  |
|  | vii. Be responsible for the overall corporate governance of the Group, including environmental and social impact and the Group's strategic direction, establishing goals for Management and monitoring the achievement of these goals; and |
|  | viii. Reviewing and approving the overall strategic plans and direction of the Group.  |
| <b>Explanation for departure</b>   | :  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |  |
| <b>Measure</b>   | :  |
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### 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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Chairman of the Board, Mr Kan Yow Kheong is primarily responsible to lead the Board. Based on the Board Charter, the Executive Chairman's responsibilities encompass the following:-</p> <ol style="list-style-type: none"><li>i. ensure that the Board functions effectively, cohesively and independently of Management</li><li>ii. providing governance in matters requiring corporate justice and integrity</li><li>iii. leading the Board, including presiding over Board meetings and Company meetings and directing Board discussions to effectively use the time available to address the critical issues faced by the Company</li><li>iv. promoting constructive and respectful relationship between board members and between board members and management</li><li>v. ensure that there are effective communication between the Company and/or Group and its shareholders and relevant stakeholders</li><li>vi. developing and provides direction for implementation of strategic directions of the Group</li><li>vii. ensure that the Company and/or the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees</li><li>viii. ensure that the objectives and standards of performance are understood by Management and employees</li><li>ix. ensure that the operational planning and control systems are in place</li><li>x. monitoring performance results against plans</li><li>xi. taking remedial action, where necessary</li></ol> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
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**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.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Chairman and the Executive Director cum Chief Executive Officer (CEO) are held by different individuals.</p> <p>The Chairman is responsible for the overall leadership and efficient functioning of the Board as well as provides direction for the implementation of strategies as approved by the Board. The Chairman ensures that quality information is provided to the Board to facilitate decision-making in a timely manner. The Chairman encourages all Directors to play an active role in Board activities and allow dissenting views to be freely addressed.</p> <p>The CEO leads the management team which assists him in the management and business operations of the Company and the Group. The CEO is responsible for the execution of the Group's business plans and implementing the Board's strategies, policies and decisions.</p> <p>The roles of the Chairman and the CEO are set out in the Board Charter and is available in the Company's website at <a href="http://www.analabs.com.my">www.analabs.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

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| <i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i> |  |
| <b>Application</b> :   | Applied  |
| <b>Explanation on application of the practice</b> :  | The Chairman of the Board is not a member of the Audit and Risk Management Committee as well as the Nomination Committee and Remuneration Committee. |
| <b>Explanation for departure</b> :   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |  |
| <b>Measure</b> :   |  |
| <b>Timeframe</b> :   |  |

### Intended Outcome

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

### Practice 1.5

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

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). They possess the knowledge and experience to carry out their functions.<br><br>The Company Secretaries are responsible to the Board to ensure that the Board procedures are followed and that applicable rules and regulations are complied with.<br><br>All Directors have access to the advice and services of the Company Secretaries, who are responsible to the Board for ensuring that Board procedures are complied with. |  |
| <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>   | : |   |  |
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**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.

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | <p>Directors are provided with sufficient information and material for Board discussions and meeting materials are circulated to all Directors at least five (5) business days in advance of board meetings unless in unavoidable circumstances.</p> <p>The Senior Management and/or other relevant Board members will provide comprehensive explanation of pertinent issues and recommendations. The issues would then be deliberated and discussed thoroughly by the Board prior to decision-making.</p> <p>In furtherance of their duties, the Directors may seek independent professional advice if necessary, at the expense of the Company.</p> |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
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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.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board has in place a Board Charter which is accessible on the Company’s website. The Board Charter demarcates the responsibilities between the Board, Board Committees, Executive Chairman, Executive Directors and CEO. It also clearly identifies the issues and decisions reserved for the Board.</p> <p>The Board will review this Charter from time to time and make the necessary amendments to ensure that they remain consistent with the Board’s objective, current law and practices.</p> <p>The Board Charter was reviewed and updated in July 2022.</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.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Code of Ethics for Director and Code of Conduct are published in the Company's website at <a href="http://www.analabs.com.my">www.analabs.com.my</a>.</p> <p>The Company has in place an Anti-Bribery and Anti-Corruption Policy (ABAC Policy) in compliance with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. The ABAC Policy incorporates the rules, compliance, controls and procedures to promote better governance culture and ethical behaviour within the Group and to ensure business is conducted professionally.</p> <p>Analabs has adopted a zero-tolerance approach against all forms of bribery and corruption.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

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

**Practice 3.2**

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Board has in place a Whistle Blowing Policy for employees to raise genuine concerns, without fear, about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse. The Whistle Blowing Policy is available for reference at the Company's website at <a href="http://www.analabs.com.my">www.analabs.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>   | : |  |  |

### 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.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board is overall responsible to oversee the Group's sustainability development by ensuring that our strategies and goals are met through the participation of Management and operational levels. The Board undertakes its oversight role in collaboration with the Steering Committee.</p> <p>The Steering Committee assists the Board in meeting its oversight responsibilities in relation to the Group's sustainability initiatives, implementation, performance and achievement.</p> <p>The Steering Committee comprises the members of the Senior Management and head of departments of Analabs and is responsible to among others, identify material matters relevant to business operations, recommend targets, initiatives and standard procedures to manage the material matters identified as well as implement the approved recommendations.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**Intended Outcome**

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

**Practice 4.2**

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

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>The sustainability initiatives during the financial year under review are disclosed under the Corporate Sustainability Statement in its Annual Report and are communicated to its internal and external stakeholders via annual report.</p> <p>The employees are supportive to implementation of the sustainability initiatives set out by the Management on the day-to-day operations. The Head of Departments of each business divisions are responsible for the implementation within their own business divisions respectively.</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 4.3**

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.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board is aware of their need to stay abreast with and understand the sustainability issues concerning the Company and its business, including climate-related risks and opportunities.</p> <p>The Board is equipped with sufficient understanding and knowledge of sustainability matters that are relevant and pragmatic to the Group and its key business activities. In order to continuously enhance the Board’s professional development in sustainability area, the Board and senior management are encouraged to attend various trainings, to ensure that their competence and ability to tackle sustainability issues as they arise within the organisation.</p> <p>Further details of the sustainability initiatives are provided in the Corporate Sustainability Statement included in the Annual Report.</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 4.4**

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.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Board and senior management play an important role in addressing material sustainability risks and opportunities. The yearly performance evaluations of the board not only focus on financial performance but also include other non-financial performance including sustainability. |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
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**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.*

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

**Intended Outcome**

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

**Practice 5.1**

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

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| <b>Application</b>  | : | Applied   |
| <b>Explanation on application of the practice</b>   | : | <p>The NC annually reviews and recommends to the Board with regards to the structure, size, tenure, directorships, balance and composition of the Board and Committees including the required mix of skills and experience, core competencies which the Directors should bring to the Board and other qualities to function effectively and efficiently.</p> <p>The NC had also carried out Board evaluation on an annual basis. The Board’s evaluation comprises Performance Evaluation of the Board and various Board Committees, Directors’ Self-Assessment and Independent Directors’ Self Assessment. The assessment of the Board is based on three main areas covering Individual Performance, Board Evaluation and Board Committees Evaluation.</p> <p>Based on the satisfactory outcome of the evaluations and assessments, the NC recommends the re-election of the retiring directors to the Board.</p> |
| <b>Explanation for departure</b>  | : |   |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |   |
| <b>Measure</b>  | : |   |
| <b>Timeframe</b>  | : |   |

**Intended Outcome**

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

**Practice 5.2**

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

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The Board consists of seven (7) members comprising the Executive Chairman, five (5) Independent Non-Executive Directors and one (1) Executive Director cum CEO. |  |
| <b>Explanation for departure</b>   | : |   |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>Pursuant to the Board Charter, the Company has a policy where the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director being re-designated as a Non-independent Director.</p> <p>If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek shareholders' approval. Apart from Mr Low Chin Ann @ Han Chin Ann (Mr Low) and Mr Lai Yew Choong (Mr Lai) who have served the Board for a cumulative term of nine (9) years, none of the other independent directors have served more than nine (9) years.</p> <p>Mr Low and Mr Lai have indicated their intention not to seek for re-election at the forthcoming 24<sup>th</sup> AGM. Hence, they will retain office until the close of the 24th AGM.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

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| <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.

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| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>The Board practises non-discrimination on gender, race or religion and it is committed to ensure that its composition not only reflect the diversity as recommended by the Code, as best as it can, but also has the right mix of skills and balance to contribute to the achievement of the Group's goals.</p> <p>The Board takes appropriate measures to ensure that boardroom diversity is considered as part of its selection and recruitment exercise. However, the merits of the individual and the knowledge and expertise relevant to the Company will be the main criteria when considering the selection of new candidates to the Board.</p> <p>In establishing and ascertaining whether a person is fit and proper to be appointed as Director, the NC shall consider among others, the following:</p> <ul style="list-style-type: none"><li>(i) Probity, personal integrity, and reputation – a person must have personal qualities such as honesty, integrity, diligence, independence of mind and fairness.</li><li>(ii) Experience and competence – a person must have the necessary skills, experience, ability and commitment to carry out the role.</li><li>(iii) Time and commitment – a person must able to devote time and effort as a board member.</li><li>(iv) Financial integrity – a person must manage his debts or financial affairs prudently.</li></ul> <p>Persons who are assessed to be not fit and proper will not be appointed as director.</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.*

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| <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.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>In identifying new Board members, the Board seeks recommendation for candidates from existing Board members, management and shareholders or third party referrals.</p> <p>The Nomination Committee (“NC”) is responsible to recommend candidates to the Board to fill vacancy arising from resignation, retirement or other reasons or if there is a need to appoint additional Directors with the required skill or profession to the Board in order to close the competency gap in the Board identified by the NC. The Board will also consider candidates from all sources including independent sources as long as the candidate is suitable for the appointed position.</p> <p>On 9 May 2022, Ms Chia Yee Yan (“Ms Chia”) was appointed as the Independent Non-Executive Director of the Analabs. Ms Chia had previously reached out to the Company to offer her candidacy. Her profile can be found on page 8 of the Annual Report.</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 5.7

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 the Board are available in the Annual Report. These include their age, gender, qualification, tenure of service, directorship in other companies, working experience and any conflict of interest as well as their shareholding in the Company, if any.</p> <p>The performance of retiring Directors recommended for re-election at the forthcoming AGM have been assessed through the Board annual evaluation (including the independence of Independent Non-Executive Director).</p> <p>For the forthcoming Annual General Meeting, the Board has provided a statement in support for the reappointment of all the retiring directors under the Explanatory Note to the Notice of 24th AGM.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

**Practice 5.8**

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Chairman of the NC is Mr Low Chin Ann @ Han Chin Ann who is the Senior Independent Non-Executive Director. |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### Intended Outcome

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

### Practice 5.9

The board comprises at least 30% women directors.

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Departure  |
| <b>Explanation on application of the practice</b>  | : |  |
| <b>Explanation for departure</b>   | : | <p>The Company does not have a policy on gender, ethnicity and age group for candidates to be appointed on the Board. The Group does not practice any form of objective or selection criteria in consideration of candidates to the Board. Any appointment and retention of directors is based on merit and without prejudice, taking into consideration the requirements for the Board to be effective.</p> <p>The Board currently comprises of seven (7) Directors, out of whom two (2) are women, which translates to a 28% female representation. The Company had moved a step closer to meet the gender diversity requirement with the appointment of Ms Chia Yee Yan to the Board on 9 May 2022.</p> <p>However, the Company complied with Paragraph 15.02 (1)(b) of the Main Market Listing Requirements to have at least one (1) women director.</p> <p>The Board will take necessary efforts in to close the gap to achieve 30% women directors in our Board.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice.   |
| <b>Timeframe</b>   | : | Choose an item.  |

**Intended Outcome**

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>  | : | <p>The Board acknowledges the importance of diversity as an essential virtue of good corporate governance and an attribute of a well-functioning Board. Diverse views enhance Board discussions and ensure that the discussions made by the Board have been considered from all points of view. The Board acknowledges that diversity presents itself in a number of forms, including but not limited to gender, age, cultural background, educational background, ethnicity, professional experience, skills and knowledge.</p> <p>The Board takes appropriate measures to ensure that boardroom diversity is considered as part of its selection and recruitment exercise. However, the merits of the individual and the knowledge and expertise relevant to the Company will be the main criteria when considering the selection of new candidates to the Board.</p> <p>As such, the Board has not set specific gender diversity targets but is committed to ensuring diversity and inclusiveness in its composition and deliberations.</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 form an opinion on the overall effectiveness of the board and individual directors.

### Practice 6.1

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

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

|  |  |
|--|--|
| <i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i> |  |
| <b>Application</b>   | : Applied  |
| <b>Explanation on application of the practice</b>  | : <p>The Board evaluation comprised a Board and Board Committee’s Assessment, Assessment by Individual Directors and Assessments of Independence of Independent Non-Executive Directors. For Individual Performance and Board Evaluation, the assessment criteria include among others, contribution and performance, calibre and personality, Board mix and composition, quality of information and decision making as well as participation at Board and Committee Meeting.</p> <p>The Board also undertook an evaluation on the Audit and Risk Management Committee (“ARMC”) and the assessment criteria include effectiveness and quality of external and internal audits and financial reporting.</p> <p>The criteria for assessing the independence of an Independent Director include among others, the relationship between the Independent Director and the Group and his or her involvement in any significant transaction with the Group. The results and recommendations from the evaluation were reported to the Board for further consideration and action, if required.</p> |
| <b>Explanation for departure</b>   | :<br><br>  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |  |
| <b>Measure</b>   | :<br><br>  |
| <b>Timeframe</b>   | :<br><br>  |



### 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 Company has a Remuneration Policy which sets out the guideline on the remuneration of the directors (for both Executive and Non Executive Directors) and senior management.</p> <p>The objectives of the Company's remuneration policy on Directors' remuneration is to attract, retain and motivate the Directors of the highest quality and to recognise and reward the high performing Directors for achieving the Company's business and corporate goals. The Remuneration Committee ("RC") shall ensure that the levels of remuneration are competitive in the market to attract and retain Directors of the quality required to manage the business of the Group.</p> <p>The RC is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by each of the Non-Executive Directors concerned.</p> <p>The Directors' Fee for the Non-Executive Directors have been reviewed by the Company's RC and the Board, thereafter, recommends to the shareholders for approval. The Remuneration Policy can be found on the Company's website at <a href="http://www.analabs.com.my">www.analabs.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 level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

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

### Practice 7.2

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

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

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Remuneration Committee (RC) comprised wholly of Independent Non Executive Directors in order to assist the Board for determining the Director's remuneration.</p> <p>The RC is authorised by the Board to establish a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors.</p> <p>RC has a Terms of Reference ("TOR") which sets out the authority and duties of the RC, and this TOR can be found on the Company's website at <a href="http://www.analabs.com.my">www.analabs.com.my</a>. The terms of reference of the RC was last reviewed and updated on July 2022.</p> <p>The Directors who are shareholders of the Company will abstain from voting on the resolution pertaining to their respective Directors' Fee.</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 remuneration breakdown of individual Directors for the financial year ended 30 April 2022 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  | <b>Executive Directors</b>                 | 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 |
| 2  | Kan Yow Kheong                             | Executive Director   | 12              | Input info here | 18              | Input info here | Input info here  | 1                | 31              | 12              | Input info here | 36              | Input info here | Input info here  | 1                | 49              |
| 3  | Kan Mun Hoow                               | Executive Director   | 12              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 12              | 12              | Input info here | 161             | Input info here | Input info here  | 18               | 191             |
| 4  | <b>Independent Non-Executive Directors</b> | 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 |
| 5  | Low Chin Ann @ Han Chin Ann                | Independent Director | 18              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 18              | 18              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 18              |
| 6  | Lai Yew Choong                             | Independent Director | 12              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 12              | 12              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 12              |
| 7  | Clifton Heath Fernandez                    | Independent Director | 12              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 12              | 12              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 12              |
| 8  | Lye Meei Ruu                               | Independent Director | 12              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 12              | 12              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 12              |
| 9  | Chia Yee Yan                               | Independent Director | 0               | Input info here | Input info here | Input info here | Input info here  | Input info here  | 0               | 0               | Input info here | Input info here | Input info here | Input info here  | Input info here  | 0               |
| 10 | Input info here                            | Choose an item.      | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 11 | Input info here                            | Choose an item.      | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 12 | Input info here                            | Choose an item.      | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 13 | Input info here                            | Choose an item.      | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 14 | Input info here                            | Choose an item.      | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 15 | Input info here                            | Choose an item.      | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |

### Intended Outcome

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

### Practice 8.2

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

| <b>Application</b>                                | :   | Departure   |                   |                  |                   |                  |                  |                |   |   |   |   |                      |   |   |   |   |                       |   |   |   |   |                       |   |   |   |   |                       |   |   |   |   |
|---|-----|---|-------------------|------------------|-------------------|------------------|------------------|----------------|---|---|---|---|----------------------|---|---|---|---|-----------------------|---|---|---|---|-----------------------|---|---|---|---|-----------------------|---|---|---|---|
| <b>Explanation on application of the practice</b> | :   |   |                   |                  |                   |                  |                  |                |   |   |   |   |                      |   |   |   |   |                       |   |   |   |   |                       |   |   |   |   |                       |   |   |   |   |
| <b>Explanation for departure</b>                  | :   | <p>The Company does not comply with the recommendations to disclose the detailed remuneration of each member of Senior Management in bands of RM50,000 on a named basis in order to preserve confidentiality, negative impact arising from the disclosure, and the larger need to maintain a stable work environment to meet long-term strategic goals.</p> <p>The Board is of the opinion that the disclosure of the top 5 key senior management's remuneration on a named basis will be detrimental to the Group as this will facilitate the opportunity of prospective employers to pinch the Group's top senior management and employees.</p> <p>The remuneration of the top 5 key senior management, inclusive of Executive Directors by bands of RM50,000 for the financial year ended 30 April 2022 are as follows:-</p> <table border="1"> <thead> <tr> <th>Senior Management</th> <th>Fee</th> <th>Salaries/ Bonuses</th> <th>Benefits in-kind</th> <th>Other emoluments</th> </tr> </thead> <tbody> <tr> <td>Below RM50,000</td> <td>1</td> <td>-</td> <td>-</td> <td>4</td> </tr> <tr> <td>RM50,001 – RM100,000</td> <td>-</td> <td>1</td> <td>-</td> <td>1</td> </tr> <tr> <td>RM100,001 – RM150,000</td> <td>-</td> <td>2</td> <td>-</td> <td>-</td> </tr> <tr> <td>RM150,001 – RM200,000</td> <td>-</td> <td>1</td> <td>-</td> <td>-</td> </tr> <tr> <td>RM400,001 – RM450,000</td> <td>-</td> <td>1</td> <td>-</td> <td>-</td> </tr> </tbody> </table> | Senior Management | Fee              | Salaries/ Bonuses | Benefits in-kind | Other emoluments | Below RM50,000 | 1 | - | - | 4 | RM50,001 – RM100,000 | - | 1 | - | 1 | RM100,001 – RM150,000 | - | 2 | - | - | RM150,001 – RM200,000 | - | 1 | - | - | RM400,001 – RM450,000 | - | 1 | - | - |
| Senior Management                                 | Fee | Salaries/ Bonuses   | Benefits in-kind  | Other emoluments |                   |                  |                  |                |   |   |   |   |                      |   |   |   |   |                       |   |   |   |   |                       |   |   |   |   |                       |   |   |   |   |
| Below RM50,000                                    | 1   | -   | -                 | 4                |                   |                  |                  |                |   |   |   |   |                      |   |   |   |   |                       |   |   |   |   |                       |   |   |   |   |                       |   |   |   |   |
| RM50,001 – RM100,000                              | -   | 1   | -                 | 1                |                   |                  |                  |                |   |   |   |   |                      |   |   |   |   |                       |   |   |   |   |                       |   |   |   |   |                       |   |   |   |   |
| RM100,001 – RM150,000                             | -   | 2   | -                 | -                |                   |                  |                  |                |   |   |   |   |                      |   |   |   |   |                       |   |   |   |   |                       |   |   |   |   |                       |   |   |   |   |
| RM150,001 – RM200,000                             | -   | 1   | -                 | -                |                   |                  |                  |                |   |   |   |   |                      |   |   |   |   |                       |   |   |   |   |                       |   |   |   |   |                       |   |   |   |   |
| RM400,001 – RM450,000                             | -   | 1   | -                 | -                |                   |                  |                  |                |   |   |   |   |                      |   |   |   |   |                       |   |   |   |   |                       |   |   |   |   |                       |   |   |   |   |

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

|                  |   |  |  |
|------------------|---|--|--|
| <b>Measure</b>   | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. |  |
| <b>Timeframe</b> | : | Choose an item.  |  |

| 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>  | : | The Chairman of the ARMC and the Chairman of the Board are held by different persons. The Chairman of the ARMC is Clifton Heath Fernandez. |  |
| <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 ARMC were former audit partners . The Terms of Reference of the ARMC includes that in the event a former audit partner is appointed as a member of the ARMC, the former audit partner is to observe a cooling-off period of at least three (3) years before being appointed. |  |
| <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 Company's independent External Auditors fill an essential role for the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of that reliability to users of the financial statements.</p> <p>The Board through the ARMC has established a transparent and professional relationship with the External Auditors in seeking professional advice and ensuring the compliance with the relevant regulations and applicable approved accounting standards in Malaysia.</p> <p>The ARMC reviews and assesses the independence of the External Auditors on a yearly basis. The ARMC works closely with the Management team in assessing the suitability of the External Auditors. The areas of assessment include among others, the quality of communication, sufficiency and allocation of resources, competency as well as timeliness in completing the audit.</p> <p>The External Auditors, in supporting their independence, provided the ARMC with an assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors have provided such declaration in their annual audit plan presented to the ARMC of the Company during the financial year.</p> <p>The non-statutory audit fees incurred for services rendered to the Group by the External Auditors for FY2022 was RM10,000. The Board has considered the non-audit fees provided during the year by the External Auditor and is satisfied that the provision of those non-audit services during the financial year does not compromise the Auditors' independence.</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> | : | The ARMC comprises wholly of Non-Executive Directors, all of whom are Independent. |

### 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>  | : | The Chairman of ARMC, Clifton Heath Fernandez is a fellow of the Chartered Certified Accountant (ACCA, UK) has the necessary knowledge on financial matters.<br><br>All members of the ARMC are financially literate as they keep themselves abreast with the latest developments in accounting and auditing standards and the impact to the Group through briefings by Management and external auditors as well as attending relevant external trainings. |
| <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>Analabs has established an ongoing process for identifying, evaluating and managing the significant risks that may affect the achievement of its business objectives. Any issue that affects the Group from achieving its business objectives are discussed in the Steering Committee meetings held during the financial year. Management is responsible for assisting the Board in implementing the processes for identifying, evaluating, monitoring and reporting risks and internal controls throughout the period.</p> <p>The Board is of the view that the Group’s risk management and internal control framework and systems are in place for the financial year under review and up to the date of issuance of the financial statements for identifying, evaluating and managing significant risks faced or potentially encountered by the Group.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

### Intended Outcome

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

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

### Practice 10.2

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The disclosure on the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework is set out on pages 47 to 49 of the Annual Report. |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

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

### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.1

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board has delegated the responsibility of reviewing the adequacy and integrity of the internal control system to the ARMC. The ARMC assesses the adequacy and integrity of the internal control system and its compliance with the Group's policies and procedures through independent reviews performed by the outsourced internal auditors. In this respect, the Board, through the ARMC receives and reviews reports on internal control from the outsourced internal auditors. The outsourced internal auditors reports directly to the ARMC.</p> <p>The ARMC reviews and approves the audit plan, scope of work and reviews reports of the outsourced internal auditors. The internal auditors reports to the ARMC on areas for improvement and will subsequently follow up to determine the extent to which their recommendations have been implemented.</p> <p>The monitoring activities are supported by the outsourced internal auditors who visits, based on the Audit Plan approved by the ARMC, key business operations every quarter for systematic review of the effectiveness of internal controls and reports to the ARMC.</p> |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

|   |   |  |
|---|---|--|
| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>The Group has appointed an established external professional Internal Audit firm namely Smart Business Consulting, headed by the Assurance Division Senior Associate Director, Mr. Lee Fook Sun (“Mr. Lee”), who graduated from Australia with a Bachelor of Commerce and a Masters in Accountancy. He is also a member of MIA and CPA Australia as well as a professional member of the Institute of Internal Auditors Malaysian. He has vast experience and exposure in the internal audit field. He was assisted by three other internal auditors in this assignment during the financial year under review. The internal audit activities were reported directly to the AC based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all level of operations within the Group.</p> <p>The internal audit firm appointed by the Company is independent of activities related to business operations and performs its duties in accordance with standards set by relevant professional bodies, namely Institute of Internal Auditors. The Internal audit personnel are free from any relationship and conflicts of interest.</p> <p>The internal audit firm adopts a risk-based approach and prepares its audit plan based on the risk profiles from the risk assessment of the business units of the Group. Scheduled internal audits are carried out based on the annual audit plan approved by the AC. On a quarterly basis, the internal audit firm presents the AC with the Internal Audit Reports.</p> <p>The internal auditors also periodically report on the activities performed, key strategic and control issues observed by internal audit to the AC in order to preserve its independence. The AC reviews and approves internal audit’s annual budget, remuneration, audit plan and human resources requirements to ensure the function maintains an adequate number of internal auditors with sufficient knowledge, skills and experience. Internal audit adopts the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors (IIA), the definition of Internal Auditing, Code of Ethics,</p> |

|   |  |  |
|---|--|--|
|   | <p>Practices and Framework in order to ensure standardisation and consistency in providing assurance on the adequacy, integrity and effectiveness of the Group’s overall system of internal controls, risk management and governance. Internal audit has aligned its current internal audit practices with the Committee of Sponsoring Organizations of the Treadway Commission (COSO – USA Standard) and the Criteria of Control Board (COCO - Canadian Standard)’s Internal Controls – Integrated Framework. Using this framework, all internal control assessments performed by internal auditors are based on the internal control elements, scope and coverage. Internal auditors continue to adopt the risk-based audit plan to ensure the programmes carried out are prioritised based on the Group’s key risks and core or priority areas. Input from various sources inclusive of the Enterprise Risk Management Framework, business plan, past audit issues, external auditors, Management and Board are gathered, assessed and prioritised to derive the annual audit plan.</p> |  |
| <p><b>Explanation for departure</b></p>   | :  |  |
|   |  |  |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |  |  |
| <p><b>Measure</b></p>   | :  |  |
| <p><b>Timeframe</b></p>   | :  |  |

### 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>Communication and engagement with stakeholders are made through:-</p> <ul style="list-style-type: none"><li>(i) The Annual Report</li><li>(ii) The various disclosures and announcements made to Bursa Malaysia Securities Berhad including the Quarterly Results and Annual Results; and</li><li>(iii) The website at <a href="http://www.analabs.com.my">www.analabs.com.my</a> which shareholders as well as members of the public are invited to access for the latest information on the Group.</li></ul> <p>Stakeholders are encouraged to direct their inquiries to the Senior Independent Director to whom concerns from the public may be conveyed via the following address:-</p> <p>c/o Analabs Resources Berhad<br/>Unit 621, 6<sup>th</sup> Floor, Block A, Kelana Centre Point<br/>No. 3, Jalan SS7/19, Kelana Jaya<br/>47301 Petaling Jaya, Selangor Darul Ehsan</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>The Company's AGM serves as a principal forum for dialogue with shareholders. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Extraordinary General Meetings are held as and when required.</p> <p>The Company sends out the Notice of AGM and related circular to Shareholders at least 28 days before the meeting in order to facilitate the full understanding and evaluation of the issues involved.</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 directors attended the 23<sup>rd</sup> AGM which was held virtually on 7 October 2021.</p> <p>All Board members were aware of their duty to attend all General Meetings of the Company. Barring unforeseen circumstances, all Board members will attend all forthcoming General Meetings of the Company.</p> |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### Intended Outcome

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

### Practice 13.3

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>The Company's 23<sup>rd</sup> AGM was conducted on a fully virtual basis via remote participation and voting provided by Digerati Technologies Sdn Bhd via its online website at <a href="https://agm.digerati.com.my/analabs-online">https://agm.digerati.com.my/analabs-online</a>.</p> <p>The Remote Participation and Electronic Voting facilities enabled shareholders to participate remotely, pose questions to the Board and/or Management and vote via electronic voting at the virtual 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 13.4

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>  | : The Chairman ensures that the shareholders of the Company are allowed sufficient opportunity to participate and pose questions during the general meeting of the Company.<br><br>Shareholders are allowed to submit their questions to the Board prior to the 23rd AGM at the designated email address. As active participation from the shareholders was greatly encouraged, the Board answered all the questions during the annual general meeting. |
| <b>Explanation for departure</b>   | :<br><br>   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |   |
| <b>Measure</b>   | :<br><br>   |
| <b>Timeframe</b>   | :<br><br>   |

### 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>   | : Departure  |
| <b>Explanation on application of the practice</b>  | :  |
| <b>Explanation for departure</b>   | :<br>The Company has partially applied instead of “full departure”. The Company had engaged Digerati Technologies Sdn Bhd to provide the RPV facilities for its 23rd AGM.<br><br>The RPV facilities allowed the AGM to be conducted with ample opportunity of engagement between the Board and the Shareholders. All questions posted and enquiries by the shareholders were given an appropriate response.<br><br>The Board has responded to all questions posted by the Shareholders during the meeting while those questions received after the close of the question-and-answer session. |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |  |
| <b>Measure</b>   | : Please explain the measure(s) the company has taken or intend to take to adopt the practice.   |
| <b>Timeframe</b>   | : Choose an item.  |

**Intended Outcome**

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

**Practice 13.6**

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>  | : The minutes of the 23 <sup>rd</sup> AGM was made available on our corporate website within 30 business days after the AGM. |
| <b>Explanation for departure</b>   | :<br><br>  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |  |
| <b>Measure</b>   | :<br><br>  |
| <b>Timeframe</b>   | :<br><br>  |

**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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