

CORPORATE GOVERNANCE OVERVIEW STATEMENT

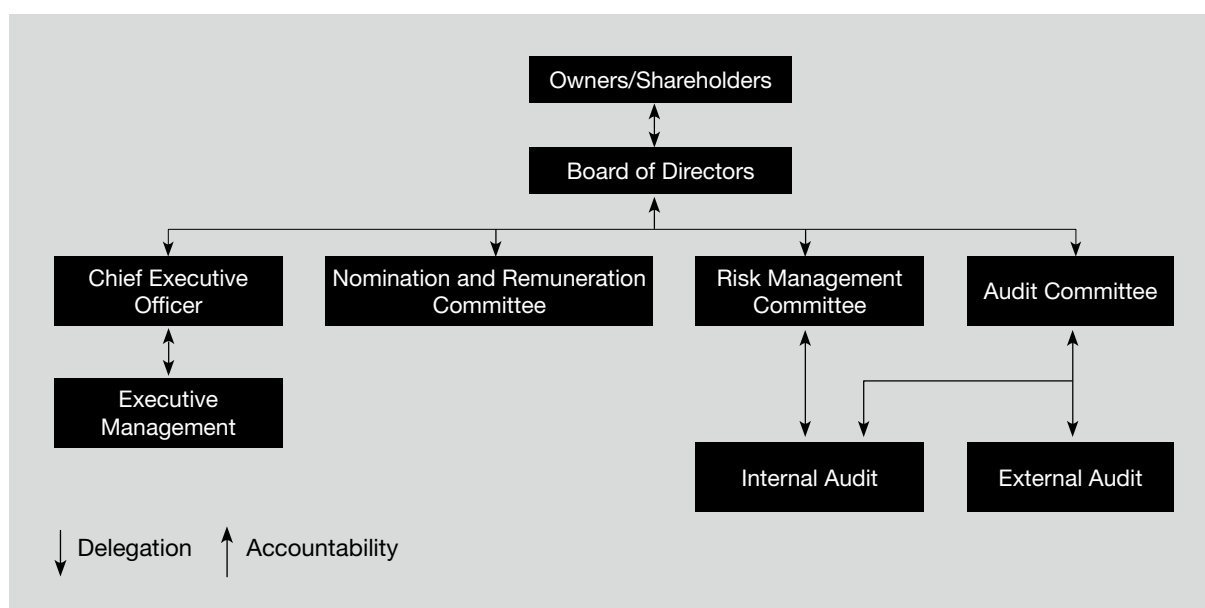
The Board of Directors of Knusford Berhad ("the Company" or "KB") (the "Board") is committed to ensure that high standards of corporate governance are practised throughout the Company and its subsidiaries ("the Group") to enhance shareholder value and improve the Group's financial performance. The Board aims for the principles and best practices of the Malaysia Code of Corporate Governance 2021 ("MCCG") to be observed and practiced throughout the Group as a fundamental part of discharging its responsibilities.

The Board is pleased to present this Corporate Governance ("CG") Overview Statements (the "Statements") to provide an overview on the Company's application of the principles and compliance with best practices as set out in MCCG.

This Statement also serves as a compliance with Paragraph 15.25(1) of the Main Market Listing Requirements ("Main LR") and should be read together with the CG Report of the Company for the financial year ended 31 March 2023 ("FYE 2023") published on the Company's website at <http://www.knusford.com.my>.

CORPORATE GOVERNANCE STRUCTURE

The Group's corporate governance structure is illustrated below.



The Group has established a system of governance structured with three lines of defence. This structure enables an effective decision-making process where all views may be challenged and considered. In summary, the three lines of defence are as follows:

Executive Management

The first line of defence consists of Executive Management which manages the day-to-day operations and reports directly to the Chief Executive Officer.

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Executive Directors, Chief Executive Officer and Board Committees

The Executive Directors ("ED") and Chief Executive Officer ("CEO") are overseeing and managing the business operation of the Group. The Board Committees comprise of 3 main committees, namely the Nomination and Remuneration Committee, the Risk Management Committee, and the Audit Committee. These Committees report directly to the Board. The Chairpersons of the respective Board Committee would report to the Board during the Board meetings on matters deliberated in the respective Committee's meeting and their proposed actions and recommendations. The ultimate responsibility for the final decision on all matters deliberated at Board committees are rested with the Board.

Internal Audit and External Audit

The third line of defence comprises internal and external auditors who report independently to the Audit Committee. The independent oversight of the Group is provided through internal and external statutory auditors. The external auditors have provided assurance that its personnel are and have been independent throughout the conduct of the audit in accordance with the terms and relevant professional and regulatory requirements. Internal audit focuses on key operational matters, compliance, governance and controls of the Group.

Other governance components include:

Authority limits

The Group establishes authority limits across the Group covering all key processes such as procurement, tendering and contract award. The authority limits provide the line of responsibility and accountability in decision-making processes, enabling a thorough consideration of factors prior to any business decisions being made.

Policies and procedures

The Group has established policy and procedures providing guidance on the operational aspects to the management of the Group. These include financial, human resource, procurement, construction management and property management.

Management meetings

The Executive Management meets regularly to discuss operational matters, key issues and strategic priorities. The Executive Management monitors the execution of action plans and initiatives and to ensure the achievement of strategies is in line with the business objectives of the Group.

Code of Conduct and Ethics, Whistle Blowing Policy and Anti-Bribery & Anti-Corruption ("ABAC") Policy

The Board has formulated ethical standards through a Code of Conduct and Ethics for the Directors, senior management and employees. The Code of Conduct and Ethics includes principles related to conflict of interest, dealings with confidential information, to ensure safety, security and adherence to Group's rules, dealing with suppliers, customers and third parties.

The Board has adopted a Whistle Blowing Policy which is implemented to provide well-defined and accessible channels for reporting possible improprieties, violations, improper conduct or wrongdoing within the Group.

In compliance with the S17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"), the Company has also established and implemented an ABAC Policy, which governs the prevention of corruption and unethical practices within the Group.

Further details pertaining to the Code of Conduct and Ethics, Whistle Blowing Policy and ABAC Policy are available at Knusford Berhad's website at www.knusford.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is responsible for the overall corporate governance of the Group, including its ethical behaviour, strategic direction, establishing goals for management and monitoring the achievement of these goals with a view to optimise performance, maximizing shareholder value and safeguarding the stakeholders' interest. The responsibility for the operation and administration of the Group of Companies is delegated by the Board to the ED and CEO.

The Board Charter, which clearly sets out the roles and responsibilities of the Board, the Board Committees, ED and CEO, is available on the corporate website of KB for easy access by the stakeholders and the public alike. The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their roles and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all their dealings in respect, and on behalf, of the Company.

The Board has appointed 2 Company Secretaries, who are Chartered Secretaries and have the competence to provide the necessary assistance to the Board.

Board Meeting

The Board meets quarterly, however, additional meetings are convened as and when required, when warranted by situations that require deliberation on urgent matters that need the immediate approval or decision of the Board. Where appropriate, decisions are also taken by way of Directors' Circular Resolutions.

The agenda of the meeting and board papers will be collated and circulated to the Directors by the Company Secretaries prior to the meeting.

All proceedings of the Board meetings are recorded by the Company Secretaries, which include matters discussed, the Board's deliberations, suggestions and conclusions reached. The minutes are signed by the Chairman as endorsement of records of the meetings.

Each Director has devoted his/ her time sufficiently in carrying out his/ her responsibilities. To-date, the Directors have complied with the Main LR of Bursa Securities of not holding more than five (5) directorships in public listed companies. The Board is satisfied that the current number of directorships held by the Board members does not impair their ability or judgement in discharging their roles and responsibilities.

In addition, the Board is also satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as affirmed by the attendance record of the Directors at Board and Board Committees meetings.

During the financial year under review, six (6) Board meetings were held and the attendance of the Directors who held office during the FYE 2023 are set out below:

Name	Designation	Board of Directors Meeting
DYAM Tunku Ismail Ibni Sultan Ibrahim	Non-Independent Non-Executive Director	4/6
Lim Chen Heng	Executive Director	5/6
Lim Chen Thai	Executive Director	6/6

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities (cont'd)

Name	Designation	Board of Directors Meeting
Lim Sew Hua	Executive Director	6/6
Bernard Hilary Lawrence	Senior Independent Non-Executive Director	4/6
Dato' Avinderjit Singh A/L Harjit Singh	Independent Non-Executive Director	4/6
Lee Wai Kuen	Independent Non-Executive Director	6/6
Lim Foo Seng	Independent Non-Executive Director	6/6
Mohd Salleh Bin Othman	Independent Non-Executive Director	6/6

II. BOARD COMPOSITION

The Board comprises 9 members and 1 alternate director, out of which 5 are Independent Directors. The existing Board composition is in line with Principle (A) 5.2 of the MCCG which specifies that the board must comprise a majority of independent directors.

The Group practices non-discrimination in any form, whether based on age, gender, ethnicity or religion in the selection of Board members. In addition, the Group believes it is of utmost importance that the Board is comprised of the qualified individuals who possess the requisite knowledge, experience, competency, professionalism, independence, foresight and good judgement to ensure that the Board and management team function effectively and is able to discharge its duties in the best interests of the Group and shareholders. The Board consists of individuals with diverse experiences, backgrounds and perspectives. Their combined expertise and business experience provide insights and diversity of perspective to lead and guide the Group in an increasingly complex and competitive environment. The skills and experience of the Board members are provided on page 17 to 19 of this Annual Report.

The Board is supportive of gender diversity policy. In its selection of Board members, the Board provides equal opportunity to all candidates who meet the criteria (i.e. individual experience, knowledge and competency) and other qualities in relation to the Group's present business portfolios and prospective investments. Presently, the Group has only one female board member.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee's Terms of Reference specifies the duties and functions of the Committee, which relate to the recruitment of directors and the criteria used in their selection in terms of the appropriate balance of skills, expertise, attributes and core competencies as well as their annual assessment. The Committee is responsible for reviewing candidates for appointment to the Board Committees and making appropriate recommendations thereon to the Board for approval and assessing the effectiveness of the Board and Board Committees and the performance of individual Directors.

The Nomination and Remuneration Committee, comprising solely of Independent Directors, met once during the financial year to review the mix of skills, independence and diversity required, the nomination and election process of directors and the criteria used for the selection process and assessed the board, its committees and individual directors based on the criteria established.

In respect of the assessment, the Board was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively, and the contributions and performances of each individual Director was satisfactory. The Board was also satisfied that the Board composition in terms of size, the balance between Executive, Non-Executive and Independent Directors and mix of skills was adequate.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II. BOARD COMPOSITION (CONT'D)

Nomination and Remuneration Committee (cont'd)

The Board composition in terms of each of the Director's industry and/or background experience, age and ethnic composition is as follows:

Director	Experience & Specialise in					Age Bracket					Ethnicity		Gender	
	Construction	Finance	Trading	Legal	Public Service	20 to 29 years old	30 to 39 years old	50 to 59 years old	60 to 69 years old	70 to 79 years old	Bumiputra	Non-Bumiputra	Male	Female
DYAM Tunku Ismail Ibni Sultan Ibrahim					✓		✓				✓		✓	
Lim Chen Heng	✓						✓					✓	✓	
Lim Chen Thai	✓	✓				✓						✓	✓	
Lim Sew Hua		✓	✓							✓		✓		✓
Bernard Hilary Lawrence				✓				✓				✓	✓	
Dato' Avinderjit Singh A/L Harjit Singh					✓			✓				✓	✓	
Lee Wai Kuen				✓				✓				✓	✓	
Lim Foo Seng		✓						✓				✓	✓	
Mohd Salleh Bin Othman	✓									✓	✓		✓	

III. REMUNERATION

The Board has defined its remuneration policy. Under the policy, it is provided that all Executive Directors and Senior Management shall be remunerated based on the Group's and individual's performances, market conditions and their responsibilities, while the remuneration policy for Independent Directors emphasises fair remuneration to avoid creating conflicting interest with their responsibility for bringing objective and independent judgement on matters discussed in the board meeting.

The terms of reference of the Nomination and Remuneration Committee are available on the corporate website.

The determination of Directors' remuneration is subject to the Committee's recommendation and Board's approval. The Director concerned should abstain from discussing his/her own remuneration.

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. The amount of Directors' fee for the financial year proposed for the shareholders' approval at the forthcoming AGM is RM276,000.00.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

III. REMUNERATION (CONT'D)

The details of Directors' remuneration for the FYE 2023 are as follows:

Group

Name	Fees (RM)	Allowance (RM)	Salaries (RM)	Bonus (RM)	Other Remuneration (RM)	Benefits-in-kind (RM)	Total (RM)
DYAM Tunku Ismail Ibni Sultan Ibrahim	30,000	-	-	-	-	-	30,000
Lim Chen Heng	30,000	120,000	420,000	90,000	61,200	27,200	748,400
Lim Chen Thai	30,000	60,000	480,000	90,000	68,400	28,000	756,400
Lim Sew Hua	30,000	7,800	187,200	100,000	11,488	16,635	353,123
Bernard Hilary Lawrence	30,000	-	-	-	-	-	30,000
Dato' Avinderjit Singh A/L Harjit Singh	30,000	-	-	-	-	-	30,000
Lee Wai Kuen	30,000	-	-	-	-	-	30,000
Lim Foo Seng	36,000	-	-	-	-	-	36,000
Mohd Salleh Bin Othman	30,000	-	-	-	-	-	30,000
Total	276,000	187,800	1,087,200	280,000	141,088	71,835	2,043,923

Company

Name	Fees (RM)	Allowance (RM)	Salaries (RM)	Bonus (RM)	Other Remuneration (RM)	Benefits-in-kind (RM)	Total (RM)
DYAM Tunku Ismail Ibni Sultan Ibrahim	30,000	-	-	-	-	-	30,000
Lim Chen Heng	30,000	120,000	420,000	90,000	61,200	27,200	748,400
Lim Chen Thai	30,000	60,000	480,000	90,000	68,400	28,000	756,400
Lim Sew Hua	30,000	7,800	187,200	100,000	11,488	16,635	353,123
Bernard Hilary Lawrence	30,000	-	-	-	-	-	30,000
Dato' Avinderjit Singh A/L Harjit Singh	30,000	-	-	-	-	-	30,000
Lee Wai Kuen	30,000	-	-	-	-	-	30,000
Lim Foo Seng	36,000	-	-	-	-	-	36,000
Mohd Salleh Bin Othman	30,000	-	-	-	-	-	30,000
Total	276,000	187,800	1,087,200	280,000	141,088	71,835	2,043,923

CORPORATE GOVERNANCE OVERVIEW STATEMENT

III. REMUNERATION (CONT'D)

Details of the remuneration of the top 5 Senior Management (including salary, bonus, benefits in-kind and other emoluments) in each successive band of RM50,000 during the FYE 2023, are as follows:

Remuneration Band (RM)	Number of Senior Management
650,001 - 700,000	1
400,001 - 450,000	1
350,001 - 400,000	1
300,001 - 350,000	1
250,001 - 300,000	1

Trainings

The Board recognises the need for Directors to attend further training in order to enhance their skills and knowledge and keep abreast with the relevant changes in laws, regulations and business environment enabling them to discharge their duties effectively. During the financial year, the Group had organised a training course namely "Macroeconomics & Investment Strategies for Business Sustainability" on 20 April 2022 which was attended by all the Directors. In addition, some of the Directors also attended several other seminars / training. The Group will continue to organise development and training programmes for the benefit of Directors and in addition, the Directors individually are encouraged to equip themselves with knowledge on the new developments in the business environment by attending other relevant courses, trade fairs, seminars and conferences.

The Board Charter establishes a policy limiting the tenure of independent Directors to 9 years. The policy allows exceptions, subject to the assessment of the Nomination and Remuneration Committee and on an annual basis subject to shareholders' approval. In the forthcoming Annual General Meeting ("AGM"), the Company will seek shareholders' approval on the re-appointment of Independent Directors of the Company who have served as Independent directors for a cumulative term of more than 9 years to continue to act as Independent Director of the Company.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Board acknowledges its overall responsibilities for maintaining a sound system of internal control and has delegated its role in the review process to the Audit Committee ("AC"). The AC comprises five (5) Independent Non-Executive Directors and the Chairman of the AC is distinct from the Chairman of the Board.

The AC met 6 times during the financial year. The activities of the AC during the financial year is described in the Audit Committee Report in this Annual Report on pages 54 to 59. The AC had met up twice with the External Auditors and once with the Internal Auditors, at least once a year in the absence of the Management.

II. Risk Management and Internal Control Framework

The Board has established a risk management process to identify, evaluate, control, report and monitor significant risks faced by the Group. Periodic reporting of risk issues, including mitigating measures, is made by Management to the Risk Management Committee ("RMC").

The RMC, established by the Board with specific terms of reference, comprises five (5) Independent Non-Executive Directors. The RMC met 5 times during the year. The Statement on Risk Management and Internal Control is set out on pages 38 to 42 of this Annual Report detailing the features of the risk management and internal control framework of the Group.

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PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Board acknowledges the need for stakeholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its stakeholders and investors. The Board will ensure the timely release of financial results on a quarterly basis to provide stakeholders with an overview of the Company's performance and operations in addition to the various announcements made during the year. These announcements are also available on the Group's website in the Investors Relation section.

II. Conduct of General Meetings

The Board presents the progress and performance of the Group to provide shareholders with the opportunity to seek clarification on the Group's businesses and financial performance during the general meeting. Notices of each general meeting are issued in a timely manner to all shareholders to ensure that they have sufficient time to prepare and digest issues to be raised during the meeting. The Directors, Chairpersons of the Board Committees, and External Auditors are available to respond to the questions of shareholders during the AGM.

In the 26th Annual General Meeting held on 29 September 2022 ("26th AGM"), the notice was sent more than 28 days in compliance with the requirements of MCCG, enabling shareholders to review the details of the resolutions being proposed for better decision-making. The notice included explanation of certain resolutions to be passed in the general meeting. In light of the Covid-19 pandemic, the Company had its 26th AGM conducted fully virtual through live streaming via Remote Participation and Voting Facilities platform.

Poll Voting

Under Paragraph 8.29A(1) of the Main LR of Bursa Securities, the Company ensures that any resolution set out in the notice of any general meeting or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll.

For this purpose, the appointed Poll Administrator and independent scrutineer will be appointed to validate the vote cast at the general meeting. The poll results of the general meeting will be announced to Bursa Securities on the same day for the benefit of all shareholders.

Corporate Disclosure Policy and Procedures

The Company is committed to upholding the standard of transparency, accountability and integrity in the disclosure of all material information on the Company to the investing public in an accurate, clear and timely manner in accordance with the corporate disclosure requirements as set out in the Main LR of Bursa Securities and the guidance as set out in the Corporate Disclosure Guide issued by Bursa Securities.

The Board has ensured that relevant disclosure requirements required by Bursa Securities are complied with. In order to augment the process of disclosure, the Company has established its own website at www.knusford.com.my which allows shareholders and the public access to the Company's corporate information.

Compliance Statement

The Board has reviewed this CG Statement and satisfied that during the FYE 2023, the Company has complied with the best practices in MCCG on the application of the principles and in corporate governance, except for those departures highlighted below and in the Corporate Governance Report 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

The Board is pleased to report that during the financial year, the Company has applied and adopted 40 of the 48 Practices (43 Practices and 5 Step Ups) encapsulated in the 3 Principles of MCCG. The breakdown of the status of application by Principle is provided below:

Principle	Practice			Step-up	
	Applied	Departure	Not Applicable	Adopted	Not Adopted
A - Board Leadership and Effectiveness	24	3	-	-	3
B - Effective Audit and Risk Management	8	-	-	2	-
C - Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders	6	1	1	-	-
Total	38	4	1	2	3

The summary of the 4 departed Practices are as follows:

Principle	Practice	Gap Summary
A - Board Leadership and Effectiveness	5.9 The board comprises at least 30% women directors.	The Board currently has one female director, and acknowledges the requirement of 30% woman directors. The Board is endeavouring to have more female board members as and when there are suitable and qualified candidates are identified in the future.
A - Board Leadership and Effectiveness	5.10 The board discloses in its annual report the company's policy on gender diversity for the board and senior management.	The Board and the Senior Management do not have specific policy on gender diversity issues.
A - Board Leadership and Effectiveness	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.	The Board is of the view that the disclosure of the Senior Management's remuneration components maybe counter productive and may not be in the best interest of the Group given the competitive environment for talent recruitment and retention in the industry in which the Group operates in. Also premised on the confidentiality of the remuneration package of our senior management, the Board has adopted a disclosure of our Senior Management remuneration in bands of RM50,000.

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SUMMARY OF CORPORATE GOVERNANCE PRACTICES (CONT'D)

The summary of the 4 departed Practices are as follows: (cont'd)

Principle	Practice	Gap Summary
C - Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders	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.	<p>8 out of 9 directors were in attendance at the 26th AGM held on 29 September 2022. The Chairman was absent with apologies due to exigencies.</p> <p>The proceedings of the AGM included the presentation of financial statements to the shareholders, and a question and answer session in which the Chairman of the AGM would invite shareholders to raise questions on the Company's financial statements and other items for adoption at the AGM, before putting a resolution to vote.</p> <p>The Chairman of the Board Committees are also readily available to address questions posted by the shareholders at the AGM.</p>

Further information about the Company's corporate governance practices, in the form of the Corporate Governance Report, is available on the Company's website.

This Corporate Governance Overview Statement was approved by the Board of Directors on 18 July 2023.