

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7200
COMPANY NAME : TEK SENG HOLDINGS BHD
FINANCIAL YEAR : December 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board of Directors ("Board") of Tek Seng Holdings Berhad ("Tek Seng" or "the Company") has the oversight responsibility for the proper conduct of the Group's business in achieving the objectives and long term goals of the Company.</p> <p>The main roles and responsibilities of the Board are as follows:</p> <ol style="list-style-type: none">1. Reviewing and approving material investment, acquisitions and disposals of property, plant and equipment.2. Reviewing and approving related party transactions.3. Reviewing the adequacy of the Group's internal control policies.4. Monitoring compliance with relevant laws & regulations and accounting standards within the corporate and business environment.5. Reviewing and approving annual financial statements and quarterly financial results. <p>The Board is governed by the Group's Governance structure where specific powers of the Board are delegated into two specific functions of Independent Directors and Executive Directors to ensure responsibilities and duties are discharged orderly.</p> <p><u>Board Committees</u></p> <p>The three (3) Board Committees, namely Audit & Risk Management Committee (ARMC), Nominating Committee (NC) and Remuneration Committee (RC) comprised wholly Independent Directors and they performed their duties accordingly to the terms of reference approved by the Board of Directors.</p> <p>The Chairman of the various Committees will report to the Board the outcome of their meetings and such reports are incorporated in the minutes of the Board meetings.</p>

Executive Directors

The Executive Chairman monitors the implementation of Board's policies and decisions, corporate affairs, compliances of laws, regulations, policies and procedures including financial stewardship of the Group.

The Managing Director is responsible for the day-to-day operations of the Group and has overall responsibility over the operation units and organisational effectiveness.

The Executive Directors including the Senior Management supports the Executive Chairman and Managing Director in the operations and activities of the Group amongst others the implementation of the policies and strategies as approved by the Board and guided by regulatory requirements as well as industry best practices.

The Executive Directors and senior management team formulate the strategies and plans of the Group after assessment and review of the business environment as well as the progress of the previous year's activities. The Executive Directors will take into consideration the feedback from employees, customers and other stakeholders with whom the Group conducts its business during the financial year to ensure the best outcome for the ensuing year, and in the best interest of the Group and its stakeholders.

In discharging its overall responsibilities, the Board and Board Committee undertook the following activities during the financial year ended 31 December 2023 ("FY2023),

- i) The Board reviewed, deliberated, and approved the budget for financial year ending 31 December 2024 at Board meeting held during the year.
- ii) Annual review of the Risk Management Report to ensure the risk statements and thresholds are reflective of the internal and external changes
- iii) The Board reviewed the company's internal control policies and considered its adequacy and integrity.
- iv) The Board discussed the business environment and the business plan of the Company.
- v) The Board reviewed the succession planning of the Board and Senior Management.
- vi) The Board reviewed and monitored the Company's Environmental, Social and Governance (ESG) and sustainability matters.

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

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter, which is available on Tek Seng's website at www.tekseng.com.my.</p> <p>The Executive Chairman manages the Board effectiveness and ensuring the implementation of the Board's policies and decisions.</p> <p>The Executive Chairman plays an active role in the formulating the Group's strategy and monitoring the corporate affairs and overall financial performance of the Group.</p> <p>The Executive Chairman with the assistance of the Company Secretary sets the Board agendas for each meeting based on the dates of scheduled meetings in Tek Seng Corporate Calendar. The Executive Chairman is responsible for orderly conduct and proceedings of meetings whilst promoting a culture of openness and active participations in meetings and ensures an overall effective communications.</p> <p>The Executive Chairman is also the spokesperson of the Company and he facilitates and ensures effective communications with the shareholders and stakeholders of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The positions of Chairman and Managing Director are held by different individuals. The Company has a clear distinction and separation of roles between the Executive Chairman and the Managing Director, with division of responsibilities clearly defined in the Board Charter. As at 31 December 2023, the Chairman of the Board was Mr Loh Kok Beng and the Managing Director was Mr. Loh Kok Cheng.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

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

Intended Outcome

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

Practice 1.5

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

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

	<p>results of the assessments for the Board and/or Board Committee's deliberation;</p> <p>(e) To update the Board on the changes, which are relevant to the Company, of the listing requirements upon receiving the circulars from Bursa Securities; and</p> <p>(f) To advise on corporate disclosures and compliances.</p> <p>During the FY2023, the Company Secretaries had attended various webinars and professional development programmes to keep themselves abreast with the regulatory changes in listing requirements and other areas of governance, sustainability and financial reporting.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is provided with sufficient and timely information to enable it to discharge its duties effectively. At least seven (7) days prior to Board Meetings, all Directors are provided with agendas and Board Papers to enable the Directors to participate actively in the meetings.</p> <p>Senior management and head of departments may be invited to Board Meetings to provide insights into matters being discussed and to furnish clarification on issues that may be raised by the Board.</p> <p>The deliberations and decisions of the Board and Board Committees are well documented in the minutes including matters where Directors abstained from voting or deliberation. Such minutes had been circulated in a timely manner.</p> <p>During the FY2023, there were five (5) meetings held and all the Board Papers were circulated to the Board in timely manner.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board had established a Board Charter to promote the best corporate governance culture and to assist the Board in discharging its duties and responsibilities. The Board Charter also defines matters which specifically reserved for the Board's decision making powers and those delegated to the executive directors and/or management.</p> <p>The last review of the Board Charter was on 22 February 2024. The Board Charter is available on the Company's website at www.tekseng.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	: Applied
Explanation on application of the practice	<p>The Company's Code of Business Conducts And Ethics ('Code') has been prepared based on principles relating to integrity, sincerity and accountability in order to enhance the standards of corporate governance and behaviour.</p> <p>The Code sets out the business practices, standards and ethical conducts expected from the management and the employees in the course of their employment with the Group.</p> <p>During the FY2023, the Board had approved the Code and the Code covers the followings matters:</p> <ul style="list-style-type: none">▪ Compliance with Laws▪ Marketing and Sales▪ Competitive Practices▪ Work Environment▪ Recording and Reporting Information▪ Fair Dealing▪ Confidential Information▪ Corporate Opportunities▪ Conflicts of Interest▪ Protection and Proper Use of Company Assets▪ Accepting & Providing Gifts and other Benefits▪ Bribery and Corruption▪ Money Laundering▪ Whistleblower <p>The last review of the Code was on 22 February 2024. The Code is available on the Company's website at www.tekseng.com.my.</p> <p>The Anti-Bribery Corruption ('ABC') was enhanced to clearly reflect the top-level commitment and assurance from the Board that Tek Seng takes a zero-tolerance approach towards fraud, bribery, corruption and any form of dishonesty in its business dealings.</p>

	<p>The ABC Policy provides guidance on the Company’s protocols to be observed by the directors, employees and business associates comprised of vendors, contractors, sub-contractors, consultants, agents, representatives, outsourced personnel, distributors, advisers and other intermediaries who perform works or provide services for or on behalf of the Group.</p> <p>The approved ABC policy had been circulated to all subsidiaries via internal memo and email. A copy of the policy had been published at Company’s website which is accessible to both internal and external parties.</p> <p>The Group had via email distribution communicates to its suppliers, contractors and business associates on the enforcement of Tek Seng corporate culture on gift giving, no commission and staff pinching.</p> <p>“Say No To Corruption & Bribery, Corruption & Bribery Are Crimes. Promote A Culture Of Integrity” was printed on the sales invoice of all the companies in the Group.</p> <p>A copy of the ABC Policy are available at the Company’s website (www.tekseng.com.my).</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board had established a Whistle-Blowing Policy which sets out a formal communication channel for employees and stakeholders of the Group to communicate matters of concern in good faith and without fear of reprisal.</p> <p>The last review of the Whistle Blowing Policy was on 22 February 2024. The Whistle Blowing Policy is available on the Company’s website at www.tekseng.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Tek Seng Group has a governance structure in place where the Board represent the highest authority and is ultimately accountable for managing sustainability matters within the Group.</p> <p>All matters relating to sustainability will be evaluated, communicated and resolved by the Executive Directors and Senior Management through discussions and meetings led by the Executive Chairman. The Executive Chairman is tasked to report to the Board of Directors annually and seeks their advice on related issues.</p> <p>Please refer to the Sustainability Statement section of the Annual Report for further information.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board approves the sustainability report (which forms part of the annual report) as well as the sustainability report every year. Through these documents which are available on the Company’s corporate website, both the internal and external stakeholders are able to continue to stay informed of the Company’s sustainability initiatives.</p> <p>Please refer to the Sustainability Statement section of the Annual Report for further information.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledge the importance of having sufficient understanding and knowledge of sustainability issues related to the Company business activities.</p> <p>During FY2023, the directors had attended seminars / webinars to stay abreast of relevant development in this area. The list of trainings attended by the directors are available in the Annual Report 2023.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors and Board Committees' assessment and evaluation have been performed on yearly basis to assess the following areas:</p> <ul style="list-style-type: none"> • Board and Board Committee Evaluation; • Board Skills Matrix and Boardroom Diversity; • Directors' Evaluation; • Independent Directors' Self-Assessment; and • Effectiveness of the Company's Environmental, Social and Governance (ESG) and sustainability matters. <p>Based on the assessment and evaluation performed by each individual Directors and NC, it was concluded that: -</p> <p>(a) NC was satisfied that all the Directors were able to discharged their duties and responsibilities diligently in the best interest of the Company.</p> <p>(b) NC was satisfied with the current structure, size and composition of the Board and the Board Committees that are adequate with diverse backgrounds, skillsets and capabilities, objectively with integrity which are essential and / or valuable for decision making in the best interest of the Company and its stakeholders.</p> <p>(c) NC was satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act independently and objectively in the best interest of the Company.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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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.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>A designated person within management has been appointed to provide dedicated focus to manage sustainability strategically including the integration of sustainability considerations in the operations of the Group as the Group are embarking a journey towards a sustainable future.</p> <p>Sustainability team which comprised of key representatives from various business divisions is available to support the Board on sustainability governance.</p>

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC and RC continue to discharge their functions and to ensure that the board composition and tenure of each director are reviewed periodically.</p> <p>The Boards recognised that the Directors' performance is used as a basis in recommending their re-election to the shareholders.</p> <p>All members of the Board were given the assessment forms for their completion and return to the NC for deliberation and assessment. The NC proceeded to assess the contributions and competencies of each director and was satisfied that all directors in the FYE 2023 were able to discharge their duties and responsibilities diligently in the best interest of the Group. The NC resolved to recommend to the Board that the existing directors are to remain status quo and Board members deliberated and supported the recommendation made by the NC.</p> <p>Total two (2) Directors of Tek Seng are subject to re-election pursuant to the Tek Seng's Constitution at the forthcoming 22nd AGM to be held in June 2024, namely:</p> <ul style="list-style-type: none">i) Mr. Loh Kok Cheng (under Article 102)ii) Mr. Loh Jia Wooi (under Article 102) <p>The Board and NC after fit and proper assessments, collectively resolved to the recommend the re-election of abovenamed Directors at the forthcoming 22nd AGM.</p> <p>Mr. Loh Kok Cheng and Mr. Loh Jia Wooi had abstained from deliberating and voting on the above.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>As at 31 December 2023, the Boards of Tek Seng comprised of seven (7) Directors, whereby three (3) board members were Independent Non-Executive Directors and four (4) board members were Non-Independent Executive Directors.</p> <p>The Independent Non-Executive Directors represent 43% of the Boards composition, namely:</p> <ul style="list-style-type: none">i) Mr. Leow Chan Kiangii) Mr. Loh Chin Phangiii) Madam Tan Soo Mooi <p>The number of independent directors of Tek Seng complied with the Main Market Listing Requirements ('MMLR') of Bursa Malaysia Securities Berhad where at least 2 directors or 1/3 of the Board members, whichever is higher are independent directors.</p> <p>As an alternate practice, the Board operates in the manner that its directors exercise independent judgement and with the interests of the shareholders always in the forefront when important decisions are made by the Board.</p> <p>The Independent assessments and opinions of the Independent Directors are important in ensuring the effectiveness of corporate governance practices of the Company. No individual Director can dominate the decision-making of the Board despite the Board has representatives of the substantial shareholders.</p> <p>Additionally, the Board is helmed by the main Board Committees namely the AC, NC and RC comprised of wholly Independent Directors are further indicators of independence.</p> <p>Each Independent director of the Company is aware of his responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed.</p>

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

Measure	:	Tek Seng does not have any plan to meet the intended outcome at this juncture and my explore ways to meet the intended outcome in future.	
Timeframe	:	others	

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	None of the Independent Directors exceed a cumulative term of nine (9) years.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had in place a Directors Fit and Proper Policy to ensure that any person appointed or re-elected as a Director of the Company shall possess the necessary qualify.</p> <p>The assessment of new candidate and senior management is based on amongst others his education, skills, expertise, professionalism, integrity, sound judgement, independency, gender and ethnicity.</p> <p>The NC will assess any new appointments to the Board and table its recommendation to the Directors. The Board will consider the recommendation of the NC and make the final decision as to the new appointment of Director. The Company Secretary is then responsible to ensure relevant procedures relating to the appointment of the new director are properly executed.</p> <p>The Executive Chairman is responsible to assess new candidates for senior management positions. The appointment of Senior Management are also based on objective criteria and merit.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied	
Explanation on application of the practice	:	In identifying candidates for appointment of Directors, the NC has set out its criteria in Practice 5.6. The NC is also empowered to seek candidates beyond recommendations from existing board members, management or major shareholders of the Company. The NC had assessed and was satisfied that the current size and composition of Board, Board Committees and its Directors are adequately appropriate for its purpose with relevant mixed of gender, ethnicity, age, expertise and experience. As such, the NC did not recommend any increase in the size of current Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The profiles of Directors are published in the Annual Report and appointment of director was announced on Bursa Malaysia. These include their age, gender, tenure of service, directorships in other companies, working experience and any conflict of interest as well as their shareholdings in Tek Seng, if any.</p> <p>Save as disclosed above, the Company had included the information on re-election of Directors under the explanatory notes in the notice of last AGM dated 28 April 2023.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	As at 31 December 2023, the Company's NC was chaired by Mr. Loh Chin Phang, an Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	As at 31 December 2023, the Board comprised of one female Director out of a total of seven Directors which is in line with the MMLR and the Company's Gender Diversity Policy.	
		As alternate practice, the appointment to the Board are based on the candidate's skills, expertise, experience, integrity, character, commitment and other qualities in meeting the requirements of the Company regardless of gender.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	Tek Seng has adopted Gender Diversity Policy of achieving at least one women representation on the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: The NC met once during FY2023 to carry out the annual assessment of the Board, Board Committees and each individual directors. The annual assessment of the Board and Board Committees were carried out by way of questionnaires in regard to mix of skills, knowledge, competency, proceeding of meetings, experiences, timely reporting and so forth. Whilst the assessments of individual directors were carried out by way of self-assessment questionnaires sent to the director's concerned. The questionnaires covered amongst others the character, integrity, contributions in meetings, quality of input, understanding of role, time commitment and so forth. The responses to the questionnaires were then sent to the NC for evaluations. The NC had recommended that Board, Board Committees and each individual directors to remain status quo. The director's concern had abstained from deliberating on his own assessment.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

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

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has in place a Remuneration Policy which is clear and transparent to attract and retain the Directors of the Company.</p> <p>The remuneration framework is reflective of the executive directors' level of responsibilities, experiences, length of services and individual performances. The RC will also consider the similar industry remuneration as a benchmark and the financial performance of the Group when making its recommendations to the Board.</p> <p>The RC also review the remuneration to be paid to non-executive directors based on their level of responsibilities and commitment required. However, the Board as a whole determines the remuneration of the non-executive directors, and the individual director concerned shall abstain from deliberation on his own remuneration. The directors' fees and benefits determined by the Board are subject to shareholders' approval at the AGM.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The RC reviews the remunerations of the Directors and Senior Management annually with a view to ensure it is fair and able to attract and retain talents who can add value to the Group. The remuneration recommended should be also in line with the business strategy and long term objectives of the Company. Review criteria are sets out in Practice 6.1.</p> <p>During FY2023, the RC had carried out the following duties:</p> <ol style="list-style-type: none">1) To review and recommend to the Board, the remuneration policy of the Group2) Reviewed and recommended to the Board, the remuneration package of Executive Directors and Senior Management for FY20233) Reviewed and recommended to the Board, the directors' fees and benefits of Non-Executive Directors for shareholders' approval at the AGM4) Reviewed and recommended to the Board, the directors' fees of Executive Directors for shareholders' approval at the AGM
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	<p>In line with best corporate governance practice, the disclosure of the Directors' remuneration on a named basis has been made in the Annual Audited Financial Statements over the years.</p> <p>The remuneration received by each of the Directors in 2023 is set out in the table below.</p>

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	LOH KOK BENG	Executive Director	29	Input info here	Input info here	Input info here	Input info here	Input info here	29	29	Input info here	1292	332	Input info here	200	1853
2	LOH KOK CHENG	Executive Director	29	Input info here	Input info here	Input info here	Input info here	Input info here	29	29	Input info here	1210	298	Input info here	187	1724
3	LOH ENG CHUN	Executive Director	29	Input info here	Input info here	Input info here	Input info here	Input info here	29	29	Input info here	288	65	Input info here	47	429
4	LOH JIA WOUI	Executive Director	29	Input info here	Input info here	Input info here	Input info here	Input info here	29	29	Input info here	168	42	Input info here	28	267
5	LEOW CHAN KHIANG	Independent Director	34	Input info here	Input info here	Input info here	Input info here	1	35	34	Input info here	Input info here	Input info here	Input info here	1	35
6	TAN SOO MOOI	Independent Director	33	Input info here	Input info here	Input info here	Input info here	1	34	33	Input info here	Input info here	Input info here	Input info here	1	34
7	LOH CHIN PHANG	Independent Director	33	Input info here	Input info here	Input info here	Input info here	1	34	33	Input info here	Input info here	Input info here	Input info here	1	34
8																
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>In determining the remuneration packages of the Group's top 5 senior management, factors that were taken into consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents.</p> <p>On the disclosure of remuneration of the Group's top 5 senior management, the Board is of the view that it would not be in the best interest of the Company to make such disclosure on a named basis of each key senior management's remuneration due to the competitive nature of the human resource market and the efforts by the Company in attracting and retaining executive talents, the Company maintain confidentiality on the employees remuneration matters.</p> <p>As alternate practice, the Board discloses the aggregate remunerations paid to the senior management. For FY2023, the aggregate remunerations paid to Top 5 Senior Management was around RM488k.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board ensures the remuneration of the top 5 senior management is commensurate with their individual performance, taking into consideration the Company's performance.
Timeframe	:	

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>As at 31 December 2023, the ARMC comprised of 3 members who were Independent Non-Executive Directors.</p> <p>The ARMC Chairman, Mr. Leow Chan Kiang is a Chartered Accountant and a member of Malaysian Institute of Accountants (MIA) and a Fellow member of the Association of Chartered Certified Accountants, United Kingdom (FCCA). He is not the Chairman of the Board.</p> <p>Mr. Leow Chan Kiang is an Independent Non-Executive Director and was appointed as the ARMC Chairman since 01 July 2017.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had adopted the policy that requires a former key audit partner to observe a cooling-off period of at least three years before being appointed as a member of the ARMC. Accordingly, such policy had been incorporated into the Terms of Reference of the ARMC.</p> <p>The Terms of Reference of the ARMC is available on the Company's website www.tekseng.com.my</p> <p>In FY2023, none of the members of the Board was a former key audit partner of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>The ARMC had assessed the Company's External Auditors, Messrs. BDO PLT by way of completing a set of comprehensive questionnaires. The questionnaires cover amongst others the size & resources of BDO PLT, the audit scope, skills, industry knowledge, understanding of role, independence of the firm and the persons assigned to the audit team, objectivity of engagement partner and so forth.</p> <p>BDO PLT had confirmed to the ARMC in writing that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The ARMC, after having assessed the suitability, objectivity and independence of BDO PLT, resolved to recommend to the Board that BDO PLT be proposed for re-appointment as the Company's External Auditors for the ensuing year at the forthcoming AGM of the Company</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	As at 31 December 2023, the ARMC of the Company comprised entirely Independent Directors, namely: i) Mr. Leow Chan Kiang ii) Madam Tan Soo Mooi iii) Mr. Loh Chin Phang

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied	
Explanation on application of the practice	:	Members of the Company's ARMC are financially literate as they are able to understand matters under the purview of the ARMC including the financial reporting process and possess the necessary skills to discharge their duties effectively. During FY2023, members of the ARMC had attended appropriate continuing programmes to update and/or increase their knowledge to aid them in discharging their duties and responsibilities as members of the ARMC of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of maintaining a sound system of internal control and risk management framework. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and effectiveness of those systems. Because of the limitations that are inherent in any systems of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.</p> <p>The Group has in place an effective risk management and internal control framework as set out in the Statement on Risk Management and Internal Control (SORMIC).</p> <p>During FY2023, the ARMC had reported to the Board on the Group's risk profile including actions undertaken by the management to manage or mitigate the risks identified.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board through the ARMC oversees the adequacy of the Group’s risk management framework to ensure risk management and internal controls are in place.</p> <p>The Group had adopted a risk management framework to enhance its risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the risk management framework. ARMC will update the Board on the Group’s risk profile including actions undertaken by the Management to manage or mitigate the principal risks identified.</p> <p>Principal risk areas identified that are considered significant to the Group are the Operational risk, Financial risk and Business risk.</p> <p>Further details are set out in the Statement on Risk Management and Internal Control section of Company’s Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company acknowledges the importance of internal audit function and has engaged the services of an independent firm of professionals to carry out the internal audit function and to provide assurance as to the effectiveness, adequacy and integrity of the Group's systems of internal control. The internal auditors report directly to the ARMC.</p> <p>The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the ARMC. The audit focuses on areas with high risk and inadequate controls to ensure that adequate action plans have been put in place to improve the controls. For those areas with high risk and adequate controls, the audit ascertains that the risks are effectively mitigated by the controls. On a quarterly basis, the internal auditors report to the ARMC on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.</p> <p>The ARMC had assessed the adequacy of the internal audit function for FY2023 as well as the performance of the Internal Auditor, KFF Advisory Sdn. Bhd. and was satisfied therewith.</p> <p>Further details of the internal audit function are set out in the ARMC Report section of the Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>In FY2023, the Company had outsourced its internal audit function to KFF Advisory Sdn. Bhd. to audit and monitor the compliance of the Group's policies, procedures and the effectiveness of the Group's internal control systems.</p> <p>The internal audit team carries out its work according to the code of ethics and standards set by professional bodies, primarily consistent with the International Professional Practices Framework issued by the Institute of Internal Auditors and where applicable, reference is made to the standards and statements issued by the international accounting and auditing organisations.</p> <p>The Internal Audit team is made up of four (4) personnel headed by Ms. Oh Phaik Choo, a qualified practitioner. She is a member of Institute of Internal Auditors Malaysia, chartered accountant with Malaysian Institute of Accountants and fellow of the Association of Chartered Certified Accountants.</p> <p>The internal auditors had declared to the ARMC the following:</p> <ol style="list-style-type: none">1) The Company's internal audit function were conducted in conformance with the standards sets by professional bodies;2) They are not aware of any relationships or conflicts of interest which could impair their objectivity and independence;3) The internal audit team has sufficient professional experience, technical skills and appropriate staff mix to effectively carry out the work required; and4) The internal audit team had participated in various continuing professional development programmes on topics which are relevant to their work function.
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board provides timely and accurate disclosure of all material information of the Group to the shareholders and stakeholders. Information is disseminated through announcements made to the Bursa Securities which includes the quarterly reports, annual report and press releases. The Company's website (www.tekseng.com.my) has a dedicated "Corporate Section" which provides all announcements made to Bursa Securities, press release, corporate structure, annual report and etc that enhances the Investor Relations (IR) function of the Company.</p> <p>During the FY2023, the Company held its 21st AGM physically on 16 June 2023. At the AGM, the Executive Chairman of Tek Seng presents a brief review of the financial performance of the FY2022.</p> <p>In addition, shareholders and investors were able to access the Company's website for latest information and announcement and they can also make inquiries about Tek Seng via ir@tekseng.co.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	The notice of the AGM is given to the shareholders at least twenty eight (28) days prior to the meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company held its 21st AGM at an established hotel in George Town area, Penang which is easily accessible by shareholders. All Directors, Company's External Auditors, Company Secretary, Senior Management, Company's Share Registrar and the Independent Scrutineer appointed for the poll voting attended and participated in the last AGM held on 16 June 2023.</p> <p>The presence of all Directors provided opportunities for the shareholders to engage with all Directors and also allowed the shareholders to raise questions and concerns directly to the Directors.</p> <p>In addition, the Executive Directors responded to the questions raised by the shareholders.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company despatches the notice of AGM to shareholders at least 28 clear days before the date appointed for holding the AGM. For general meetings other than the AGM, the Company despatches the notice of meeting at least 21 clear days for special resolution and 14 clear days for ordinary resolution.</p> <p>The explanatory notes to the notice of AGM or circular to shareholders provide detailed explanation of the proposed resolutions to enable shareholders to make informed decisions in exercising their voting rights.</p> <p>Shareholders are allowed to appoint any person as proxies to attend and vote at the general meeting. The proxy form duly completed has to be deposited at the registered office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time appointed for holding the meeting or adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll at the general meeting.</p> <p>All the resolutions put to the general meeting have to be voted upon by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>At the last AGM, the Company had appointed Plantation Agencies Sdn Bhd, the Company's Share Registrar as the polling administrator and Quantegic Services Sdn Bhd as independent scrutineers for the polling and vote counting process and to verify the poll results.</p> <p>The venue for holding the general meeting since several past general meetings were held at an established hotel in George Town area, Penang which is easily accessible by shareholders.</p>

	<p>As alternate practice, the Board adopts the practice of dispatching notices of AGM of not less than 28 days and to hold the AGM at a venue easily accessible by shareholders shall provide the shareholders sufficient time to participate in persons or by proxies and make informed decisions at the meeting.</p>	
	<p>The Board will ensure the venue of general meeting is easily accessible by shareholders of the Company and continue to adopt the practice of despatching notices well in advance with detailed explanatory notes to ensure shareholders are able to participate and make informed decisions at general meetings.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: At the 21 st AGM of Tek Seng held in 2023 which were conducted at an established hotel in George Town area, Penang which is easily accessible by shareholders. The Chairman shared with the shareholders about Tek Seng Group past year's business performance, strategies and the outlook going forward of the Group. The shareholders were also given opportunities to pose any questions pertaining to financial and non-financial matters as well as long term strategies of Tek Seng Group during the AGM. The responses to the questions were published on the Company's website within 7 working days.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Not applicable – only physical general meetings were conducted in the financial year
Explanation on application of the practice :	
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The AGM of the Company was held on 16 June 2023. The proceedings of the AGM including the responses to the questions raised by the shareholders and proxies before and during the AGM were recorded in the minutes of AGM. The minutes of AGM was uploaded on Tek Seng’s website at www.tekseng.com.my within 30 business days after the AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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