

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

Your Board of Directors recognises the importance of sound corporate governance and will continue to enhance its role in ensuring that the highest standard of corporate governance is practiced throughout the Group. The principles and best practices set out in the Malaysian Code on Corporate Governance 2021 (“Code”) and pursuant to para 15.25 of the Bursa Malaysia Main Market Listing Requirements have been complied by the Group wherever possible in observing the highest standard of transparency, accountability and integrity unless otherwise stated.

Your Board is pleased to provide an overview of the application of the principles set out in the application of the Code by the Group during the period under review. Details of the application of the principles of the Code are provided in the Corporate Governance Report which can be found at the Company's website at [www.tomei.com.my](http://www.tomei.com.my).

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

### **1. BOARD ROLES AND RESPONSIBILITIES**

#### **Board responsibilities**

During the period under review, your Board took full responsibility and retained full and effective control over the affairs of the Group. Your Board's primary focus and responsibilities include the followings:-

- a) Reviewing and approving the strategic business plan of the Group;
- b) Monitoring corporate performance and the conduct of the Group's business and ensuring compliance with the 2021 updates to the MCCG;
- c) Identifying and implementing appropriate systems to manage principal risks through the Audit and Risk Management Committee (“ARMCO”);
- d) Ensuring succession planning for top management;
- e) Ensuring a transparent Board nomination and remuneration process;

- f) Reviewing the effectiveness of the Group's system of risk management as well as the adequacy and integrity of the Group's internal control system and management information system for compliance with applicable standards and laws and regulations;
- g) Developing and implementing an investor relation program or shareholders' communication policy for the Company;
- h) Developing an ethical standard for the Group through a code of conduct and ensure its compliance;
- i) Setting the Company's sustainability strategies, priorities and targets;
- j) Ensure that all directors are able to understand financial statements and form a view on the information presented; and
- k) Ensure the integrity of the Company's financial and non-financial reporting.

The Independent Non-Executive Directors further strengthen your Board in providing unbiased and independent view, advice and judgement. They also contribute to the formulation of policies and decision making through their expertise and experience.

### **Board Charter**

Your Board's functions are laid out in a Board Charter which is made public through the Group's website at [www.tomei.com.my](http://www.tomei.com.my) to guide your Board in discharging its duties and responsibilities effectively. The Board Charter is reviewed periodically and amended when necessary to reflect the changes on conduct of your Board.

### **Code of Conduct**

Your Board has developed an ethical standard for the Group through a code of conduct and ensures its compliance. This includes a strategic mission and vision statements and core values to guide the Group in its daily operation. Your Board reviews the code of conduct regularly to ensure that new requirements and suggestion of best practices are being updated and incorporated into the code.

### **Director's Fit and Proper Policy**

Following the amendments to the Bursa Malaysia Main Market Listing Requirements, your Board has adopted a Directors' Fit and Proper Policy to ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Group and its stakeholders.

### **Board meetings**

Your Board meets regularly at least four (4) times a year at quarterly intervals with additional meetings to be convened as and when required. Prior to each meeting, every Director is given the complete agenda and a set of Board Papers for each agenda item well in advance so that your Directors have ample time to review matters to be deliberated at the meeting and to facilitate informed decision making by your Directors.

During the financial year ended 31 December 2022, there were six (6) Board Meetings held and the details of attendance are as follows:-

<b>Executive Directors</b>	<b>Attendance</b>
Datuk Ng Yih Pyng	6/6
Datin Choong Chow Mooi	6/6
Ng Yih Chen	6/6
Ng Sheau Yuen	6/6
<b>Independent Non-Executive Directors</b>	<b>Attendance</b>
Yang Mulia Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad	6/6
Datuk M Chareon Sae Tang @ Tan Whye Aun	6/6
Lau Tiang Hua	6/6
Puan Sri Nonadiah Binti Abdullah (resigned on 27 February 2023)	6/6
Tan Sri Dr Madinah Binti Mohamad (appointed on 27 February 2023)	N/A

In addition, the Executive Directors meet regularly to discuss the corporate strategy, the business operations and the results of the business units within the Group.

## Board Committees

In order to ensure effectiveness of the Board, your Board has delegated certain of its responsibilities to the Board Committees which operate within clearly defined terms of reference to carry out these responsibilities in a supporting role to your Board.

These Committees comprising members of your Board are empowered to deliberate and examine issues delegated to them and report back to your Board with their recommendations and comments.

The terms of reference of all the Board Committees are being disclosed at Company's website at [www.tomei.com.my](http://www.tomei.com.my).

Your Board is assisted by three (3) Board Committees as follows:-

- 1) Audit and Risk Management Committee ("ARMCO")
- 2) Nomination Committee
- 3) Remuneration Committee

The report of the ARMCO and the Nomination Committee are presented in the ARMCO Report and Nomination Committee Statement section of this Annual Report.

## Remuneration Committee

The Remuneration Committee comprises three (3) members, made up of Independent Non-Executive Directors and have the following term of reference as provided below:-

<b>Name</b>	<b>Designation</b>
Datuk M Chareon Sae Tang @ Tan Whye Aun	Chairman
Lau Tiang Hua	Member
Puan Sri Nonadiah Binti Abdullah (resigned on 27 February 2023)	Member
Tan Sri Dr Madinah Binti Mohamad (appointed on 27 February 2023)	Member

The Committee's duties and responsibilities are:-

- a) To ensure that a transparent and formal procedure is established in the development and assessment of the level of compensation that would be sufficient to attract and retain good caliber Directors;
- b) To review the components of remuneration package such as fees, allowances, basic salaries, bonuses and other benefits-in-kind for Directors;
- c) To ensure that the Directors' remuneration package is linked to the level of responsibility and performance and is benchmarked against market practice; and
- d) To review key management personnels' remuneration package benchmarked against their performance and to ensure that their rewards earned are within industry practice.

There was one (1) Remuneration Committee meeting held during the financial year 2022.

## Supply of information

Your Board has full and unrestricted access to information concerning the Group from the senior management and the external auditors to enable them to discharge their duties effectively. Your Board may also seek advice of external independent professionals at the Group's expense.

All information on meetings is disseminated to your Board at least five (5) days before the date of meeting to enable your Board to make an informed decision. Relevant personnel of the Group could be summoned to the Board meeting to further brief your Board as and when required.

Your Board has direct access to the advice and services of a qualified Company Secretary who is responsible to advise your Board on matter concerning necessary compliance and governance. The Company Secretary also ensures that all Board procedures are followed and that applicable laws and regulations are complied with. The appointment and removal of the Company Secretary lies within the power of your Board.

## Directors' training

Details of trainings attended by the directors are provided in the Nomination Committee Statement section of this Annual Report.

## **2. BOARD COMPOSITION**

Your Board consists of members from a wide range of discipline and background, providing an in-depth and diversified experience for the benefit of the Group's operation. All Independent Non-Executive Directors are free from any material business dealings and other relationship with the Group and therefore play a crucial role in corporate accountability with their unbiased and independent view, advice and judgement in the decision-making process.

Your Independent Non-Executive Director, Puan Sri Nonadiah Binti Abdullah has stepped down from the Board on 27 February 2023 and was replaced by Tan Sri Dr Madinah Binti Mohamad who was appointed on the same day as an Independent Non-Executive Director.

The profiles of the members of your Board are set out in the Profile of the Board of Directors section of the Annual Report.

Details of the Board diversity, independence, re-election and re-appointment are provided in the Nomination Committee Statement section of this Annual Report.

### **Segregation of role**

The Group's Independent Non-Executive Chairman does not hold an executive function and plays a crucial role in providing overall business direction. The Chairman conducts and sets the tone during your Board meeting and facilitate meaningful deliberation of the meeting agenda. In line with the recommendation of the Code, the Chairman does not sit on any of the Board Committee established by your Board.

The Group Managing Director, serves as the head of the Management team and is responsible for the implementation of the direction and strategy of the Group as laid down by your Board.

This segregation of role is vital to ensure a balance of power and authority.

Currently the Group has eight directors, whereby four of the directors are independent and do not hold any executive function within the Group. This in line with the best practice that requires at least half of the Board members must comprise of independent directors.

### 3. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The Company's remuneration policy for Directors and senior management is tailored towards attracting and retaining Directors and senior management with relevant experience and expertise needed to assist in managing the Group effectively. The Remuneration Committee carries out the annual review of the overall remuneration for Directors and key senior management personnel whereupon recommendations are submitted to your Board for approval.

The details of your Directors' remuneration paid/payable for the financial year ended 31 December 2022 are set out below:-

#### Company level

2022	Remuneration	Fees	Allowance	Benefits-in-kind	Total
<b>EXECUTIVE DIRECTOR</b>					
Datuk Ng Yih Pyng	-	10,800	-	-	10,800
Datin Choong Chow Mooi	-	10,800	-	-	10,800
Ng Yih Chen	-	10,800	-	-	10,800
Ng Sheau Yuen	-	10,800	-	-	10,800
<b>Sub-total</b>	-	43,200	-	-	43,200
<b>NON-EXECUTIVE DIRECTOR</b>					
Yang Mulia Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad	-	72,000	4,000	-	76,000
Datuk M Chareon Sae Tang @ Tan Whye Aun	-	60,000	4,000	-	64,000
Lau Tiang Hua	-	70,000	4,000	-	74,000
Puan Sri Nonadiah Binti Abdullah (Resigned on 27 February 2023)	-	60,000	4,000	-	64,000
Tan Sri Dr Madinah Binti Abdullah (Appointed on 27 February 2023)	-	-	-	-	-
<b>Sub-total</b>	-	262,000	16,000	-	278,000
<b>Grand Total</b>	-	305,200	16,000	-	321,200

#### Group level

2022	Remuneration	Fees	Allowance	Benefits-in-kind	Total
<b>EXECUTIVE DIRECTOR</b>					
Datuk Ng Yih Pyng	1,199,272	10,800	-	28,000	1,238,072
Datin Choong Chow Mooi	836,864	10,800	-	13,325	860,989
Ng Yih Chen	777,728	10,800	-	13,325	801,853
Ng Sheau Yuen	777,728	10,800	-	9,900	798,428
<b>Sub-total</b>	3,591,592	43,200	-	64,550	3,699,342
<b>NON-EXECUTIVE DIRECTOR</b>					
Yang Mulia Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad	-	72,000	4,000	-	76,000
Datuk M Chareon Sae Tang @ Tan Whye Aun	-	60,000	4,000	-	64,000
Lau Tiang Hua	-	70,000	4,000	-	74,000
Puan Sri Nonadiah Binti Abdullah (Resigned on 27 February 2023)	-	60,000	4,000	-	64,000
Tan Sri Dr Madinah Binti Abdullah (Appointed on 27 February 2023)	-	-	-	-	-
<b>Sub-total</b>	-	262,000	16,000	-	278,000
<b>Grand Total</b>	3,591,592	305,200	16,000	64,550	3,977,342

The Directors' fees payable is subject to the approval of the shareholders at the forthcoming Annual General Meeting ("AGM") of the Company.

The remuneration paid to the top four senior management personnel other than the above Executive Directors of the Group for the financial year ended 31 December 2022 is RM1,132,250.

## **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**

### **1. FINANCIAL REPORTING**

The Directors' Responsibility Statement made pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to the Financial Statements is disclosed in the Director's Responsibility Statement section of this Annual Report.

### **2. ARMCO AND EXTERNAL AUDITORS**

The ARMCO assists your Board in scrutinizing the information for disclosure to ensure its accuracy, adequacy and completeness.

The Company's external auditors continue to provide their independent opinion to shareholders on the Group's and the Company's financial statements. Your Board maintains a formal and transparent relationship with the auditors to meet their professional requirements.

The ARMCO discusses with the external auditors on both the audit plan and their scope of audit before the commencement of audit work. The ARMCO is also being briefed by the auditor on their audit report upon the completion of audit. In addition, the ARMCO meets up with the external auditors at least two (2) times a year without the presence of the Management to discuss and obtain feedback on sensitive audit issues.

In determining the independence of the external auditors, the ARMCO has reviewed all aspects of relationships between the Group and the external auditors including the processes, policies and safeguards relating to audit independence and agreed on the audit strategy and the audit fee. The external auditors also declare their independence to the ARMCO during their audit planning.

The ARMCO has considered the non-audit services provided by the external auditors and its affiliated companies and is satisfied that the provision of those non-audit services during the year does not compromise the external auditors' independence.

The external auditors are also invited to attend the Company's AGM and are available to take questions from the shareholders on issues pertaining to their audit report.

The detailed role of the ARMCO in relation to the external auditors is described in the ARMCO Report section of this Annual Report.

### **3. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

Your Board acknowledges its overall responsibility for maintaining a sound system of internal control and risk management to safeguard shareholders' investment and the Group's and the Company's assets.

The Group's internal audit function is carried out by the in-house Internal Auditor which reports directly to the ARMCO. Details of the internal audit function are provided in the ARMCO Report section of this Annual Report.

The Statement on Risk Management & Internal Control section of this Annual Report provides an overview of the risk management and state of internal control within the Group.

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

### **1. COMMUNICATION WITH STAKEHOLDERS**

Your Board recognizes the importance of maintaining transparency and accountability to its stakeholders and is committed to provide the highest possible level of disclosure to ensure integrity and consistency of the financial reports.

Your Board keeps stakeholders informed via announcements and timely release of quarterly financial results, press releases, annual reports and circulars to shareholders. These information are also made available at the Company's website at [www.tomei.com.my](http://www.tomei.com.my).

As there may be instances where stakeholders may prefer to express their concerns to an independent director, your Board has appointed Yang Mulia Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad as the Senior Independent Non-Executive Director to whom concerns may be directed.

Your Board through the Management also takes effort to communicate with investors on regular basis to provide up to date information on latest material development in the Group.

### **2. CONDUCT OF GENERAL MEETINGS**

Shareholders' meeting such as the AGM and/or Extraordinary General Meetings serve as the principal forum for dialogue and communication between your Directors and the shareholders. At the meeting, shareholders are given direct access to your Board and are encouraged to participate in its proceedings including seeking clarification on the meeting agenda and the Group's performance.

The Company implements a poll voting for all the resolutions set out in the notice of meeting via electronic means at the meeting to expedite verification and counting of votes. In addition, the Company appoints one (1) scrutineer to validate the votes casted at the meeting.

### **3. PROMOTES SUSTAINABILITY**

Your Board is committed to promote sustainability of its business which are aligned and embedded into the Group's day to day business activities. In promoting the sustainability, the Group integrates good practices in the area of environmental, social and governance into its business culture. Details on areas of sustainability are provided in the Sustainability Statement section of this Annual Report.

### **STATEMENT ON COMPLIANCE WITH THE BEST PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2021**

Having reviewed the governance structure and practices of the Group, your Board considers that it has complied with the best practices as set out in the Code unless otherwise stated as well as the items set out in Part A of Appendix 9C of the Main Market Listing Requirements of Bursa Securities in relation to the requirement of a separate disclosure in the Annual Report.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 3 April 2023.