

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7088
COMPANY NAME : POH HUAT RESOURCES HOLDINGS BERHAD
FINANCIAL YEAR : October 31, 2024

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 is responsible for the performance and affairs of the Group and the provision of leadership and guidance for setting the strategic direction of the Group to ensure the long-term success and sustainability of the Group.</p> <p>The Board has adopted a Board Charter which sets out the composition, roles and responsibilities, leadership, delegation, and conduct and procedures of the Board and the management to ensure performance and accountability.</p> <p>The Board has delegated the daily management of the Group's affairs to the Group Chief Executive Officer. The Group Chief Executive Officer provides the leadership, supervision and monitoring of the efficiency and effectiveness of the conduct of the Group's business activities.</p> <p>The Group Chief Executive Officer is responsible for developing corporate strategies, operational plans and targets and managing a team of executives responsible for the execution of the functions to attain the desired corporate and business outcomes as set by the Board in a sustainable manner.</p> <p>The Group Chief Executive Officer is assisted by members of the management team, who themselves are responsible for certain specific areas of the Group's operations. The management team assesses business opportunities and threats and, where appropriate, develop strategies to capitalise on such opportunities and put in place risk management and internal control practices to mitigate risks inherent in or associated with such opportunities.</p> <p>The Board has established and is supported by the following Board Committees which consist of a majority of Independent Non-Executive Directors to provide independent oversight on management and to</p>

	<p>ensure that there are appropriate checks and balances while discharging its oversight function: -</p> <ol style="list-style-type: none"> 1. Audit Committee 2. Remuneration Committee 3. Nomination Committee 4. Risk Management Committee <p>Each of the Board Committee operates within its respective terms of reference ("TOR") that also outlines its respective functions and authorities. The TOR of the respective Board Committees is periodically reviewed by the Board Committees and approved by the Board to ensure that the TOR remains relevant and adequate.</p> <p>The Board is also committed to conduct business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The Group's Code of Conduct, together with the Employees Handbook and Anti-Bribery and Corruption Policy guide the Directors, management and employees with regard to policies and ethics standards to be adhered to in the conduct of the daily affairs and business of the Group.</p> <p>The Board has adopted a Whistle Blowing Policy for the Group where all queries or concerns regarding the Group may be conveyed to the Senior Independent Director or the Company Secretary at the registered office of the Company.</p> <p>The Board Charter, Code of Conduct and Whistle Blowing Policy are subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant new regulations and standards of corporate governance that may have an impact in discharging the Board's responsibilities. Details of the Board Charter, Code of Conduct, Anti-Bribery and Corruption Policy and Whistle Blowing Policy can be found on the Company's website at www.pohhhuat.com</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 Chairman of the Board, Tun Md Raus Bin Sharif, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 15 September 2020 and assumed the role as the Chairman of the Company on the same day.</p> <p>The Chairman is primarily responsible for ensuring the effective conduct of the Board including the efficient organisation and conduct of the Board's function and meetings; fostering good relationship and communication amongst board members, effective communication with shareholders and relevant stakeholders; and the evaluation of the performance, composition and ongoing development of all members of the Board.</p> <p>The roles and responsibilities of the Chairman of the Board is set out in the Board Charter which is available on the Company's website at www.pohhuat.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of the Chairman and the Group Chief Executive Officer, the key person responsible for the daily management of the Group business, are held by two different individuals.</p> <p>The Chairman of the Board, Tun Md Raus Bin Sharif, is an Independent Non-Executive Director of the Company. The Chairman is primarily responsible for ensuring the effective conduct of the Board including the efficient organisation and conduct of the Board's function and meetings; fostering good relationship and communication amongst board members, effective communication with shareholders and relevant stakeholders; and the evaluation of the performance, composition and ongoing development of all members of the Board.</p> <p>The Group Chief Executive Officer of the Company, Mr Tay Kim Huat, holds the primary executive responsibility for developing business strategies, operational plans and targets and managing a team of executives responsible for the execution of the functions to attain the desired corporate and business outcomes as set by the Board.</p> <p>The roles and responsibilities of the Chairman and the Group Chief Executive Officer as set out in the Board Charter, are clearly separated to ensure that there is a balance of power and authority.</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 1.4

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, Tun Md Raus Bin Sharif, is not a member of the Audit Committee, Nomination Committee nor Remuneration Committee. He has not participated in any board committee's meeting during the year.
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 Secretary of the Company, Ms Pang Kah Man, is competent and suitably qualified to act as company secretary under Section 235 of the Companies Act 2016. She is a member of the professional body namely, the Malaysian Institute of Accountants ("MIA").</p> <p>The Company Secretary advises the Board on matters relating to their duties and responsibilities as directors; corporate governance and compliance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The Company Secretary is responsible to ensure the proper conduct of the meetings according to the rules and regulations and the Board's deliberations at meetings are properly documented.</p> <p>Board and committee members have access to the advice and services of the Company Secretary, management representatives and, if deemed necessary, other independent professionals at the expense of the Company in the discharge of their duties.</p> <p>The Company Secretary has attended the necessary training programmes, conferences, seminars and/or forums organised by the Companies Commission of Malaysia, the Malaysian Institute of Chartered Secretaries and Administrators and MIA, to keep herself abreast with the latest changes in laws and regulatory requirements that are relevant to her profession and to provide the necessary advisory role to the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All Board and committee members are provided with the requisite notice, agenda and board papers at least two (2) weeks before the convening of each meeting so that Board members are given sufficient time to prepare and, where necessary, obtain additional information or clarification prior to the meeting to ensure effectiveness of the proceeding of the meeting.</p> <p>The Company Secretary also prepares the Board/Board Committee meetings' minutes, properly recording issues deliberated and decisions and conclusions arrived at, as well as dissenting views or abstention by any Director, if any. The minutes of meetings are timely circulated and subsequently confirmed by the members of the Board and Board Committee(s) at the next meeting.</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 Company's Board Charter sets out the composition, functions, operation, process and responsibilities of the Board as a whole. The Board Charter also sets out the distinct role of the Chairman, Group Chief Executive Officer/Executive Directors and Non-Executive Directors as well as the list of matters and issues reserved for the Board and responsibilities. Each of the board committees established has its own terms of reference which spell out their own role, composition, process, duties and responsibilities.</p> <p>The Board had reviewed and updated the Board Charter in December 2024 to be in line with the Companies Act 2016, requirements of the Malaysian Code on Corporate Governance and amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The Board Charter is available on the Company's website at www.pohhuat.com</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group has established and adopted a Code of Conduct covering core areas of conflicts of interest; confidential information; insider information and securities trading, protection of assets; gifts, gratuity and bribes; workplace safety, sexual harassment; equally opportunities, discriminations and misconducts.</p> <p>The Group has also adopted an Anti-Bribery and Corruption Policy in line with the Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act, 2009 (Amendment 2018) to further clarify the standards of ethics and conduct acceptable by the Group when dealing with external stakeholders.</p> <p>The purpose of the Code of Ethics and Conduct and Anti-Bribery and Corruption Policy is to ensure that all employees and Directors maintain and enforce the highest standards of ethics and conduct in the performance of their duties and responsibilities throughout the organisation.</p> <p>The Code of Conduct and Anti-Bribery and Corruption Policy was last reviewed in December 2024 and is available on the Company’s website at www.pohhuat.com</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The 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 Company has established the Whistle Blowing Policy which is in line with Section 587 of the Companies Act 2016 ("the Act") where provisions have been made to protect the Company's officers who make disclosures on breach or non-observance of any requirement or provision of the Act or on any serious offence involving fraud and dishonesty.</p> <p>This policy and procedure aim to provide and facilitate a mechanism to enable employees and other members of the Group to voice concerns internally in a responsible and effective manner and at a high level and to disclose information which the individual believes malpractice or impropriety.</p> <p>This policy and procedure are intended to cover concerns which are in the public interest and may at least initially be investigated separately but might then lead to the invocation of other disciplinary or criminal procedures.</p> <p>Whistle blowers can report any improper conduct by email to the Senior Independent Director, Mr Lee Ah Too at clboo@pohhuat.com</p> <p>The Whistle Blowing Policy is available on the Company's website at www.pohhuat.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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>The Board is mindful of the importance of business sustainability, stakeholder inclusivity and sound values of good corporate governance in the conduct of the Group's activities. The Board believes in striking a balance between achieving operational profitability whilst simultaneously managing sustainability-related risks in the areas of economic, environmental and social to create long term value for our stakeholders including the society. The Group's sustainability efforts encompass material and supply chain sustainability; product safety and quality; ethical business practices; human resources diversity, equality and knowledge development; occupational safety and health and manufacturing impact on the environment.</p> <p>The Board holds primary responsibility for the overall governance of sustainability and ensures sustainability priorities, strategies and targets are set to drive the Group's long-term value creation. When it comes to the governance of sustainability within the Group, a collaborative relationship between management and the Board is essential for long-term success. The Board works with the Senior Management to embed a sustainability mindset and culture at all levels within the Group, from strategy planning down to day-to-day operations.</p> <p>The Board is supported by Risk Management Committee and selected management personnel in the implementation and monitoring of the Group sustainability initiatives. The Senior Management team drives the identification and management of the material sustainability matters. They are assisted by an appointed external service provider to identify, evaluate and implement control measures to mitigate the business and sustainability risks to acceptable levels.</p> <p>The Board believes that when this partnership works well, the sustainability initiatives will become thoughtful and productive for integration into the business over the long term.</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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board has embedded sustainability considerations in its strategies, policies and daily operations. The Board, via the Risk Management Committee works with the senior management and executive team on identifying and managing key sustainable matters but has yet to develop formal sustainability key performance indicators (KPIs) and benchmarking of these KPIs against set targets.	
		In terms of stakeholders' engagement, the Risk Management Committee, working via with the management team communicates key sustainable matters/initiatives and performs annual surveys with relevant groups on key sustainable matters relevant to each of these groups and addresses issues arising thereto.	
		The Company's Annual Report has been one of the avenues to communicate the Company's sustainability strategies and progress to its shareholders.	
<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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>Board members have yet to attend sustainability-related trainings relating to recent developments and management of sustainability and environmental, social and governance (ESG) considerations.</p> <p>Notwithstanding the above, Executive Directors and key management staff interact with internal and external stakeholders in the running of the Group's business and are aware and actively managing the risks and opportunities related to the Group Material Sustainability Matters ("MSMs"), including climate related issues which has significant impact on the Group's supply chain. Probable or potential risks and opportunities are also highlighted, shared and discussed among management staff and the Executive Directors and mitigating measures implemented where appropriate. Executive Directors share with Board members actual and probable MSMs which may impact the Group's business and prospects.</p> <p>The Directors will continue to attend appropriate training programmes recommended by the NRC to keep abreast and understand and managing current and emerging sustainability and climate related risks and opportunities relevant to the Group.</p>	
<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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	While the Board via the Risk Management Committee have established a sustainability framework and undertaken sustainability risks and opportunities assessment and identified material sustainability matters, the Risk Management Committee has yet to develop formal sustainability key performance indicators (KPIs) and the criteria for the performance evaluations of the Board and the Management in addressing key sustainability matters and achieving their related KPIs.	
		The Board, together with the Risk Management Committee, is in the process of enhancing the performance evaluations of the Board, to include Senior Management, in relation to overseeing the establishment of KPIs and the management and monitoring sustainability performance of the Group against these KPIs.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>On an annual basis, the Nomination Committee assesses the effectiveness of the Board, as whole, board committees as well as individual Directors, with a focus towards considering whether the composition of the current Board needs to be refreshed.</p> <p>The Board comprises Directors with appropriate skills, knowledge, competence and experience to meet the needs of the Company. Accordingly, during the year, the Directors were assessed to appraise their skillsets and experience, including their contributions to the Board, Board Committees as well as how they have performed an individual Directors in meeting the needs of the Company. The assessment was based on a self and peer basis, with the evaluation questionnaire being mainly adapted from the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad.</p> <p>The results of these assessments indicated that the Board and its committees have been effective in the discharge of their responsibilities against the objectives set against the Board Charter and/or terms of reference.</p> <p>The Nomination Committee did not note any significant area that required improvements in terms of structure, size, the balance between Executive, Non-Executive and Independent Directors and diversity in terms of skills, experience knowledge and gender. Accordingly, the Board endorsed the re-election of the retiring Directors as recommended by the Nomination Committee.</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>The Board currently comprises nine (9) members of whom three (3) are Independent Directors, i.e less than half of the Board comprises Independent Directors.</p> <p>The Company however complies with Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which states that at least two (2) directors or one-third (1/3) of the Board members of a listed issuer, are independent directors.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>None of the Independent Directors exceeds a cumulative term of nine (9) years.</p> <p>As part of the Board Charter, the Board has prescribed that all Independent Directors provide an annual confirmation of his/her independence to the Board based on its policy on criteria of assessing independence as prescribed by the Bursa Malaysia Listing Requirements.</p> <p>The Board has in place a policy that it will undertake an assessment of its Independent Directors annually. The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. The Board may recommend and provide justification re-designation of a director from an Independent to a non-independent status if he / she has served a cumulative term of nine (9) years as an independent director of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.4 - 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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company does not have a formal set of criteria for the identification, evaluation and appointment of directors and senior executives.</p> <p>Notwithstanding the above, the Board has established a Nomination Committee which is responsible for identifying the need and, if required, evaluating the suitability and recommending the appointment of new member(s) onto the Board or Board committees.</p> <p>In the assessment of the composition of the Board, the Nomination Committee takes into consideration the need for a balanced composition in terms of skill mix, qualification, professional background, age and gender representation vis a vis the role and responsibilities of the Board and the business in which the Group is in.</p> <p>In evaluating and recommending candidates for appointment to the Board, the Nomination Committee takes into considerations the qualification, competence, experience, track record and background.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 5.6

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 Nomination Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Nomination Committee is responsible for identifying the need, evaluating the suitability and recommending the appointment of any new Director.</p> <p>The candidate shall be identified and recommended by the existing Directors, major shareholder and/or other independent sources. The Company has thus far not use independent sources to identify candidates for appointment to the Board.</p> <p>In the evaluation and appointment of new Board member(s), Board and Nomination Committee are guided by the following process and procedures for the appointment of a new director: -</p> <ul style="list-style-type: none">(i) Evaluate the suitability of candidate in accordance to his/her competency, experience, reputation, commitment and integrity, and in the case of a candidate proposed for appointment as Independent Non-Executive Director, the candidate's independence;(ii) Recommend the appointment of the candidate as a member of the Board Committees, where necessary; and(iii) Decision to be made by the Board on the appointment, including appointment to the Board Committees, where necessary.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 5.7

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>Key information in respect of the Directors can be obtained from the Profile of Directors included in the Company's Annual Report. Disclosure of such information of the Directors is aimed to assist shareholders to make informed decisions on the appointment or re-appointment of the particular Director.</p> <p>The Nomination Committee met to review and assess the effectiveness of the Board as a whole, the Board Committees and the performance of individual Directors as well as independence of the Independent Non-Executive Directors annually based on a self and peer assessment approach.</p> <p>The Board has, through the Nomination Committee, considered the results of assessment of the Directors and collectively agreed that all the Directors met the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on the attributes of character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors and contribute to the Company. Based on the Nomination Committee's recommendations and in the absence of any negative concerns, the Board supports and endorses the re-election of the retiring Directors at the forthcoming Annual General Meeting ("AGM") of the Company.</p> <p>The Board will provide a statement to support the re-appointment of the retiring Directors in the Notice of 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

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nomination Committee of the Company currently comprises three (3) members, two (2) of which are Independent Non-Executive Directors and the remaining is a Non-Independent Non-Executive Director.</p> <p>The Chairman of the committee is Dato' Chan Seong Gnoh, an Independent Non-Executive Director.</p> <p>The Terms of Reference of the Nomination Committee is available on the Company's website at www.pohhuat.com</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Company has one (1) female director.</p> <p>At present, the Company complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which is required to have at least one (1) woman Director on the Board.</p> <p>The Board is of the view that while it is important to promote diversity, the normal selection criteria of a director based on effective blend of competences, skills, experience and knowledge should remain a priority so as not to compromise on mix of capabilities, experience and qualification in the Board.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.10

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

Application	:	Departure	
Explanation on application of the practice	:	Please provide an explanation on how the practice is being applied.	
Explanation for departure	:	<p>The Board acknowledges the benefit of diversity which includes gender equality for the good mix of composition for Board and senior management. However, the Board has not formalised any policy on gender diversity for the Board and senior management.</p> <p>The above notwithstanding, the Group has put in place non-gender discrimination policies in its Code of Ethics and Conduct and taken various measures to achieve sufficient gender diversity including:</p> <ul style="list-style-type: none"> • Ensuring that the Company does not practise any form of gender discrimination or restrict the number of woman participation on the Board and Senior Management; and • The selection and recruitment exercise to both genders are given equal treatment. 	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	<p>The Nomination Committee is primarily responsible for an effective Board and the assessment of the performance of the members of the Board.</p> <p>The criteria used, amongst others, for the annual assessment of individual Directors include an assessment on their roles, responsibilities, qualification, competency, expertise and participation. For Board and Board committees, the assessment will be based on their progress in implementing the policy and/or on achieving those objectives set in their respective terms of reference.</p> <p>In respect of the assessment for the financial year ended 31 October 2024, the Board, Board Committees and individual Directors conducted self-assessment based on the following criteria: -</p> <ul style="list-style-type: none">• Assessment of performance of individual Board members; Board committees and the Board as a whole;• Assessment of experience, competence and time commitment of Board members;• Assessment on board size, structure and balance in terms of skill and experience; and• Evaluation of level of independence of independent directors. <p>The Nomination Committee is satisfied that the Board members and Board Committees have discharged their duties and responsibilities effectively. The Nomination Committee is also satisfied with the Board composition in terms of structure, size, the balance between Executive, Non-Executive and Independent Directors and diversity in terms of skills, experience knowledge and gender.</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 7.1

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 :	Departure
Explanation on application of the practice :	
Explanation for departure :	<p>The Remuneration Committee is primarily responsible for matters relating to the remuneration of the Board to motivate and retain executives and ensure that the Company is able to attract the best talents in the market in order to maximise shareholders' value.</p> <p>The Group has a Remuneration Policy which covers the remuneration of Board members only. The Remuneration Policy's primary objective is to attract, retain and motivate directors. The remuneration shall be based on terms that are market competitive and at the same time aligned with shareholders' interests.</p>

	<p>The remuneration of the Group Chief Executive Officer and Executive Directors is made up of basic salaries, directors' fees, allowances, annual bonus and other benefits and are set according to: -</p> <ul style="list-style-type: none"> • the nature of job; • the level of skills, experience and scope of responsibilities; • the performance, contribution and commitment devoted to the Company; and • market and industry's rate. <p>The remuneration of the Non-Executive Directors consists of allowances and directors' fees. The level of remuneration for the Non-Executive Directors must reflect: -</p> <ul style="list-style-type: none"> • Qualification and experiences; and • Level of responsibilities and time commitment. <p>Remuneration of the Executive Directors shall be structured to link rewards to corporate and individual performance and shall take into consideration remuneration paid to them of other similar companies, whether in size and /or industry, the individual's performance and responsibility, market competitiveness as well as the Group's overall performance.</p> <p>Remuneration for the services of Non-Executive Directors shall be determined based on experience and level of responsibilities undertaken, extent of contributions, effort and time spent, number of committees served as well as prevailing market practice and economic situation.</p> <p>While the remuneration of the senior executives is not covered under the Group's Remuneration Policy, their remuneration packages comprising salaries, annual bonus and other benefits, shall be determined by the Group Chief Executive Officer and Executive Directors.</p> <p>The Remuneration Committee will periodically review the Remuneration Policy and recommend the amendments and/or modifications, if any for approval by the Board.</p> <p>The Remuneration Policy of the Company is available on the Company's website at www.pohhuat.com</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>: Please explain the measure(s) the company has taken or intend to take to adopt the practice.</p>

Timeframe	:	Choose an item.	
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Intended Outcome

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

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

Practice 7.2

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Remuneration Committee is primarily responsible for matters relating to the remuneration of Board members only and operates under its own Terms of Reference ("TOR").</p> <p>The main functions of the Remuneration Committee include the following: -</p> <ul style="list-style-type: none"> • Recommending the Remuneration Policy of the Group Chief Executive Officer and Executive Directors to the Board; • Review the performance of individual Executive Directors (including the Group Chief Executive Officer) and recommend to the Board for approval, the total remuneration package; • Review and recommend the remuneration package of Non-Executive Directors for approval by the Board; • Prepare the annual remuneration report and communicate with shareholders on executive remuneration. <p>The TOR of the Remuneration Committee is available on the Company's website at www.pohhuat.com</p> <p>The remuneration of the senior executives is not covered under the TOR but are determined by the Group Chief Executive Officer and Executive Directors.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The remuneration received by each of the Directors, from the Group and Company for the financial year ended 31 October 2024 is set out in the table below.

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	Tay Kim Huat	Executive Director	146256	0	0	0	0	0	146256	146256	0	1410660	1218318	21091	65971	2862296
2	Tay Kim Hau	Executive Director	135000	0	0	0	17400	0	152400	135000	0	0	0	17400	0	152400
3	Toh Kim Chong	Executive Director	67500	0	0	0	0	0	67500	67500	0	651015	206301	0	0	924816
4	Tay Khim Seng	Non-Executive Non-Independent Director	127500	0	0	0	0	0	127500	127500	0	0	0	0	0	127500
5	Boo Chin Liong	Non-Executive Non-Independent Director	67500	0	0	0	0	0	67500	67500	0	0	0	0	0	67500
6	Lim Pei Tiam	Non-Executive Non-Independent Director	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Tun Md Raus Bin Sharif	Independent Director	120000	0	0	0	0	0	120000	120000	0	0	0	0	0	120000
8	Lee Ah Too	Independent Director	67500	0	0	0	0	0	67500	67500	0	0	0	0	0	67500
9	Dato' Chan Seong Gnoh	Independent Director	67500	0	0	0	0	0	67500	67500	0	0	0	0	0	67500
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

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>The Board has considered the disclosure of the detailed remuneration packages of its top five (5) Senior Management staff on a named basis in bands of RM50,000.</p> <p>However, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group’ s business activities, such disclosure may be detrimental to the business interests and give rise to recruitment and talent retention issues. Thus, the Board is of the view that the transparency and accountability aspects of corporate governance applicable for the top five Senior Management staff are adequately served by the disclosure of the remuneration packages of these individuals on a no-name basis in successive bands of RM50,000 and the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the Group Key Senior Management personnel who are not directors of the Company</p> <p>As three (3) of the top seven (7) Senior Management are Executive Directors, their detailed remuneration on named basis have been disclosed. The remuneration of the remaining four (4) Senior Management on a no-named basis in successive bands of RM50,000 as follows:</p> <table><tr><td>Remuneration Band</td><td>No.</td></tr><tr><td>RM150,001 to RM200,000</td><td>1</td></tr><tr><td>RM300,001 to RM350,000</td><td>1</td></tr><tr><td>RM400,001 to RM450,000</td><td>1</td></tr><tr><td>RM600,001 to RM650,000</td><td>1</td></tr></table>	Remuneration Band	No.	RM150,001 to RM200,000	1	RM300,001 to RM350,000	1	RM400,001 to RM450,000	1	RM600,001 to RM650,000	1
Remuneration Band	No.											
RM150,001 to RM200,000	1											
RM300,001 to RM350,000	1											
RM400,001 to RM450,000	1											
RM600,001 to RM650,000	1											
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.												
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.										
Timeframe	:	Choose an item.										

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	0-50,000	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>The Audit Committee comprises of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.</p> <p>It is chaired by Mr. Lee Ah Too, who is also the Senior Independent Director of the Company. Mr. Lee Ah Too was the partner in charge of Ernst & Young (Malacca Branch Office) from 1998 to June 2019. He is a Chartered Accountant with more than 30 years of experience in providing various types of assurance and business advisory services.</p> <p>The remaining two (2) members of the committee have legal qualification and are financially literate.</p> <p>The duties and responsibilities of the Chairman of the Audit Committee are defined in its Terms of Reference ("TOR"), which is available on the Company's website at www.pohhuat.com</p> <p>The TOR of the Audit Committee had been reviewed and updated in December 2024 to be in line with the requirements of the Malaysian Code on Corporate Governance and the Listing Requirements of Bursa Malaysia Securities Berhad.</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	:	The Terms of Reference of the Audit Committee has included a cooling-off provision that a former partner or team member of the Company's existing auditing firm shall be prohibited from acting as a member of the AC for a period of three (3) years commencing on the date of his ceasing: <ul style="list-style-type: none">• to be a partner or employee of the firm; or• to have any financial interest in the firm; whichever is later.
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 Board has delegated to the Audit Committee (“AC”) to undertake an annual assessment of the quality of audit which encompassed the performance and calibre of the External Auditors and their independence, objectivity and professionalism.</p> <p>The Terms of Reference of the AC also requires the AC to assess the suitability, objectivity and independence of the External Auditors annually. The areas of assessment include among others, the External Auditors’ independence, calibre, quality processes, audit team and resources, audit plan and scope, audit communication, audit governance, audit and non-audit fees paid to External Auditors and audit outcome and recommendation.</p> <p>At the AC meeting held on 19 September 2024, the External Auditors namely, Crowe Malaysia PLT had presented to the AC its 2024 Audit Plan which included a confirmation that Crowe Malaysia PLT is independent throughout the conduct of the audit engagement in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.</p> <p>The External Auditors will rotate their engaging partner in charge of the audit of the Company’s Audited Financial Statements at least once every five (5) years to maintain their independence from the Group</p> <p>The AC, having been satisfied with the performance of the External Auditors, had at its meeting held on 19 September 2024 recommended to the Board for approval of the re-appointment of the External Auditors for the financial year ending 31 October 2025. The Board has no objections to the re-appointment of the External Auditors and will accordingly seek the approval of the shareholders on the re-appointment at the forthcoming Annual General Meeting 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	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	The members of the Audit Committee ("AC") possess a mix of skill, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the Terms of Reference of the AC.

	<p>The AC is chaired by Mr. Lee Ah Too, who is the Senior Independent Director of the Company. Mr Lee Ah Too was the partner in charge of Ernst & Young (Malacca Branch Office) from 1998 to June 2019. He is a Chartered Accountant with more than 30 years of experience in providing various types of assurance and business advisory services.</p> <p>The remaining two (2) members of the committee have legal tertiary qualification, are financially literate and are experienced in professional legal practises. This will enable them to understand matters discussed during the AC meetings in particular on accounts related and financial reporting issues.</p> <p>The AC is aware of the need to continuously develop and to broaden their knowledge in the areas of accounting and auditing to carry out their roles and duties effectively. The training attended by the AC members during the financial year ended 31 October 2024 are set out in the Corporate Governance Overview Statement under “Directors’ Training” in the Company’s 2024 Annual Report.</p> <p>For the financial year ended 31 October 2024, the Board through the Nomination Committee had reviewed the effectiveness of the AC via an evaluation questionnaire. The Board is satisfied with the performance of the AC and that the necessary skills, experience, knowledge and other relevant field of expertise of the AC members had contributed to the overall effectiveness of the AC</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 that effective risk management framework is an integral part of good business management. It is an ongoing process to identify, evaluate, monitor, manage and mitigate the risks that may affect the Group's ability to achieve its business objectives and strategies.</p> <p>Although the Board retains responsibility for establishing and assessing the effectiveness of the Company's systems for management of material business risks, the Board has delegated the responsibility to assess the effectiveness and efficiency of the Group's internal control and risk management framework to the Risk Management Committee which was established on 25 September 2017.</p> <p>The risk management framework comprises the Group's Management Policy, Risk Management Processes and Corporate Culture and Risk Management Philosophy; the details of which are available on the Company's website at www.pohhuat.com.</p> <p>The Board believes that the risk management framework will benefit the Group in terms of: -</p> <ul style="list-style-type: none"> • Effective strategic planning with due consideration of the opportunities and risks; • Better cost control and utilisation of resources; • Increased knowledge and understanding of exposure to risk; • Systematic and well-informed methods of decision making; and • Enhancing shareholder value by minimising losses and maximising opportunities. <p>In addition to the activities undertaken by the Risk Management Committee, the Audit Committee meets regularly to evaluate the adequacy and effectiveness of the Group's internal control systems by reviewing the audit findings and recommendations to improve any weaknesses or non-compliance and the respective responses from the business unit and the Management thereto, to ensure that all key risks and control weaknesses are being properly addressed</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 10.2

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 Group has adopted a formal risk management framework which describes the manner in which the Group identifies, assesses, monitors and manages risk. The risk management framework comprises the Group's Management Policy, Risk Management Processes and Corporate Culture and Risk Management Philosophy.</p> <p>The implementation of the Group's Risk Management Processes entails the following:</p> <ul style="list-style-type: none">• establishing, improving and maintaining across the group a formal risk management and internal control processes;• identifying functions and related risks in key operating units which may impact upon the group;• regularly monitor and assess the performance and effectiveness of the risk management and internal control processes;• constant communication between the Group Chief Executive Officer, Executive Directors and Management (Heads of Department) through management of daily operations and regular scheduled management meetings and reports; and• ensuring the risk management and internal control processes is overseen by the Risk Management Committee. <p>Each department in significant subsidiaries in Malaysia and Vietnam assesses and reports its key risk factors and risk management measures yearly via a structured risk assessment and strength weakness opportunity and threat analysis.</p> <p>Internal Control and Internal Audit Function</p> <p>The internal audit function is considered an integral part of the risk management framework and its primary objective is to provide assurance on the adequacy and effectiveness of the risk, control and governance framework of the Group. The Group's internal control system and monitoring procedures include: -</p> <ul style="list-style-type: none">• defined systems and procedures for key operational and financial departments, including maintenance of good operational and financial records and controls and the

	production of timely and accurate financial and management information and reports; <ul style="list-style-type: none"> • monitoring and control of key financial risks through clearly laid down authorization levels and proper segregation of accounting duties; • detailed reporting of trading results, balance sheets and cash flows, with regular review by the management, Audit Committee and Board of Directors; • regular independent internal audit activities to monitor compliance with operational procedures and assess the integrity of operational and financial information provided; and • regular information provided to the management, covering operational performance, key business indicators and financial and cash flow reports. 	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The Board has established the Risk Management Committee on 25 September 2017. It is chaired by Mr. Toh Kim Chong, an Executive Director. The other members of the committee are Mr. Lee Ah Too and Dato' Chan Seong Gnoh who are both Independent Non-Executive Directors.

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 has outsourced its internal audit function to an independent professional firm which operates independently from the operating units. The principal role of the Internal Auditors is to undertake independent regular and systematic reviews of the systems of internal control within the Group so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively.</p> <p>It is the responsibility of the Internal Auditors to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group.</p> <p>The Internal Auditors evaluated the adequacy and effectiveness of key controls within the Group's operating units in responding to the risk within the Group's governance, operations and information systems regarding the:</p> <ul style="list-style-type: none">• maintenance of proper accounting records;• reliability of financial information used within the business or for publication;• safeguarding of assets against unauthorized use or disposition;• efficiency and effectiveness of the running of the businesses and operations; and• compliance with laws and regulations; <p>During the financial year ended 31 October 2024, the Internal Auditors made two (2) audit visits and had presented the Internal Audit Reports to the Audit Committee pursuant to their internal audit review as approved by the Audit Committee.</p> <p>During those audit visits, the Internal Auditors reviewed the internal control of the sales and receivables cycles in both of our main operating subsidiaries of the Company in Malaysia and Vietnam. The scope of the work was to assess the internal controls used to manage the key risks i.e. the accuracy of the approved sales, and the monitoring of the credit control system and debt collection period.</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>The outsourced internal audit function is undertaken by an independent professional firm, Tricor Axcelasia Sdn Bhd. The engagement director is Mr. Chang Ming Chew, a Certified Internal Auditor and Certified Information Systems Auditor. He is also a member of the Malaysia Institute of Accountants, Association of Chartered Certified Accountants (U.K.) and Institute of Internal Auditors Malaysia. The internal audit team comprises the engagement director and professional staff.</p> <p>The Internal Auditors are free from any relationship or conflict of interest, which could impair their objectivity and independence. The internal audit function reports directly to the Audit Committee.</p> <p>A risk-based approach is adopted in establishing the internal audit program where major risk areas will be identified. The audits were carried out based on the detailed audit procedures as stated on the audit program designed for each of the audit areas based on the level of risks identified, and as guided by the International Professional Practices Framework issued by the Institute of Internal Auditors.</p> <p>The internal audit activities were carried out in accordance with the internal audit plan designed to assess the adequacy, efficiency and effectiveness of the Group's internal control and risk management reporting system.</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 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company acknowledges the importance of timely and equal dissemination of all material business, corporate and financial developments affecting the Group to all stakeholders.</p> <p>The main channels of communications with stakeholders are through the following:-</p> <ul style="list-style-type: none">• the quarterly announcements on financial results and other periodical or relevant announcement to Bursa Malaysia Securities Berhad;• Shareholders' circulars and annual report;• general meetings of shareholders;• meetings with investors, analysts and fund managers and briefing where appropriate; and• the Company's website at www.pohhuat.com where shareholders can access information and developments on the Group's business and the Company's corporate information such as the Board Charter, Terms of References of the Board Committees, Company Policies, press releases, financial information, Company's announcements and others. <p>The Board will ensure that it adheres to and comply with the disclosure requirement of the Main Market Listing Requirements as well as the Corporate Disclosure Guide issued by Bursa Malaysia Securities Berhad.</p> <p>The Company has designated Mr Lee Ing Tiong, the Group Financial Controller who has the appropriate level of competency and authority to prepare and release of material disclosures.</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	:	Notices of general meetings of the Company together with relevant circular to shareholders, if any are issued at least 28 clear days before 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, Nomination, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>All directors attended the previous annual general meeting ("AGM") of the Company held on 25 April 2024.</p> <p>The Chairman of the Company and the Chairperson of the Board Committees were available to answer questions from the shareholders of the Company.</p> <p>In addition, the Senior Management team of the Group attended the AGM. They interacted with shareholders and had provided adequate response and answers to queries raised by the shareholders pertaining to the Board Committee's activities, operation issues, corporate governance issues and others during 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	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 13.3

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	:	All annual general meetings of the Company were held physically without remote participation. All the Company's AGMs in recent years have been held in established hotels in either Muar, Johor Darul Takzim or Melaka town. These locations are easily accessible and where most shareholders will be able to attend. Shareholders who are unable to attend are allowed to appoint proxies to attend, speak and vote on their behalf. The Board is of the opinion that the convening of the general meetings at a single location is deemed adequate.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of general meetings in supporting a meaningful engagement between the board, senior management and shareholders. At the AGM of the Company, shareholders are given the opportunity to communicate their views and ask the Directors and the Management questions regarding the performance and matters affecting the Company.</p> <p>The Company's external auditors, Crowe Malaysia PLT, will also be present at the AGM and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit, the preparation and contents of the auditors' 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

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 full minutes of the previous Annual General Meeting ("AGM") were uploaded on the Company's website within 30 business days after conclusion of the AGM. This timely uploading enabled shareholders who were unable to attend the AGM to be fully apprised of what transpired at the AGM, including the Board's responses to questions raised by shareholders and the outcome of the resolutions, which were voted by way of a poll.
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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