

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0111
COMPANY NAME : K-One Technology Berhad
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the oversight and overall business direction and management of the K-One Group ("Group"). In order to ensure the effective discharge of its functions and responsibilities, the Board has delegated specific responsibilities to the relevant Board Committees and the Chief Executive Officer ("CEO"). The Board Committees comprise the Audit & Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC").</p> <p>The Board, together with the Senior Management are committed to promote good corporate governance ("CG") in running the Group. In discharging its duties and responsibilities, the Board is governed by the Board Charter which is available on K-One's website at https://k-one.com/board-charter/.</p> <p>The Board plays an active role in the development of the Group's business strategy and monitoring of its performance and implementation. It approves the annual operating budgets (including the capital expenditures) and monitor Senior Management's performance and implementation of strategies and policies on a quarterly basis. The CEO is responsible for the day-to-day management of the business and operations of the Group. He is supported by the Management team.</p> <p>The Board affirms its responsibility in maintaining the Group's system of internal controls and risk management to safeguard shareholders' value and the Group's assets. In seeking regular assurance on the adequacy and integrity of the internal controls and risk management systems and processes, the Group has formed a Risk Management Committee since end 2012, comprising Heads of Divisions with the objective of reviewing, minimising or avoiding major risks. The Risk Management Committee is tasked with assessing risks arising from the</p>

	external environment, internal operations and the financial aspects. During the year under review, key business risks and mitigation factors which include external, operational and financial risks were presented to the Board for consideration.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and responsibilities of the Chairman of the Board are specified on the Board Charter, which is available on K-One's website at https://k-one.com/board-charter/. For convenience, the key roles and responsibilities of the Chairman of the Board are paraphrased as below:</p> <ol style="list-style-type: none"> (1) Leads the Board by setting the tone at the top and managing the Board's effectiveness by focusing on strategy, governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective Terms of Reference to ensure effectiveness. (2) Sets the Board agenda for each meeting with the assistance of the Company Secretary and the same is circulated to the Board members accordingly. (3) Leads the meeting pace and discussions in an effective manner. (4) Promotes a Boardroom environment that allows for expression of views in the spirit of 'constructive challenge', effective debate and contribution from the Board members to facilitate informed decision making by the Board. (5) Provides his objective views and decisions during deliberations at Board meetings to resolve situations when there are differing views amongst the Board members and/or the Senior Management. (6) Represents the Group in discussion on high level matters with external parties such as key customers and government agencies. (7) Leads the Board by ensuring that the Group adheres to all the relevant laws and regulations as well as monitors its good corporate governance and best practices.
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

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 distinct and separate roles and responsibilities of the Chairman of the Board, who is an Executive Chairman and CEO are provided in Paragraphs 7 and 8 respectively on the Board Charter, which is available on K-One's website at https://k-one.com/board-charter/.</p> <p>The positions of Executive Chairman and CEO are held by two different individuals. The Executive Chairman, Ir. Edwin Lim Beng Fook leads and manages the Board by focusing on strategy, governance and compliance whereas the CEO, Dato' Martin Lim Soon Seng manages the business and operations of the Group and implements the Board's decisions.</p> <p>The distinct and separate roles of the Executive Chairman and CEO, with their clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered decision making powers. Although the Executive Chairman and the CEO are brothers, they are both professional engineers registered with the Institution of Engineering & Technology, UK who are expected to exercise a high degree of independence, integrity and professionalism in the conduct of their business. They both hold Masters' degrees in their respective fields from reputable universities overseas which further substantiate their independence of thoughts, objective judgement and maturity.</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	: As at 31 December 2021, the Group is in compliance with Practice 1.4 of the MCGG whereby the Chairman of the Board, Ir. Edwin Lim Beng Fook ("the Executive Chairman") is not a member of the Audit & Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC") respectively. With the issuance of the revised MCGG in April 2021, the Board at its meeting held in August 2021, appointed the CEO and Board member to replace the Executive Chairman of the Board as a member of RC.
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 Group is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") who is qualified to act as company secretary under Section 235(2) of the Companies Act 2016. She undertakes the following key roles and responsibilities within the Group:</p> <p>(1) Manages the procedures of all Board and Board Committee meetings. Records and keeps attendance and minutes of all Board and Board Committee meetings. Ensures that deliberations at Board and Board Committee meetings are well documented and subsequently communicated to the relevant Management personnel for appropriate actions.</p> <p>Updates the Board on follow-up actions by the Management. Action items would stay as matters arising in the minutes of meetings until they are resolved.</p> <p>(2) Provides support to the Board in fulfilling its fiduciary duties and leadership role in shaping the corporate governance ("CG") of the Group.</p> <p>In this respect, she plays an advisory role to the Board, particularly with regard to the Company's constitution, Board policies and procedures, CG best practices and its compliance with regulatory requirements, codes, guidance and legislations.</p> <p>(3) Ensures that the due processes and proceedings of annual general meetings are in place and properly managed. Assists the Executive Chairman and the Board to conduct the meetings and ensure the minutes are properly recorded, particularly the questions raised by shareholders.</p> <p>(4) Monitors the developments of CG and assists the Board in applying best practices to meet the Board's needs and stakeholders' expectations.</p> <p>(5) Whilst the Investor Relations is generally involved in communication and engagement with stakeholders, the Company</p>

	Secretary plays an important role in advising the Board on principles and best practices in CG and ultimately become the focal point for shareholders in relation to CG issues affecting the Group as a listed entity.	
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>Directors are provided with notice of at least 14 working days prior to each Board and/or Board Committee meetings. Board papers, relevant materials and/or minutes of previous meetings are issued 7 working days prior to the meetings to enable the Directors to review, consider and have sufficient preparation time and information to make an informed decision.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter serves as a primary reference for Board members, Board Committees and Boards of subsidiaries of their fiduciary duties as directors of the Group. It sets out amongst others the key values, principles and ethos of the Group.</p> <p>The Board will review the Board Charter periodically to keep it up to date and consistent with the Board's objectives and responsibilities. The Board Charter is available on K-One's website at https://k-one.com/board-charter/.</p> <p>In February 2022, the Board Charter has been reviewed for the purpose of clarity and consistency with the Malaysian Code on Corporate Governance.</p> <p>Key matters reserved for the Board's approval include:-</p> <ol style="list-style-type: none"> a) strategic plan and long-term objectives; b) annual and quarterly financial results; c) annual business plan and budget; d) dividend policy, corporate and capital structure; e) capital expenditure; f) internal controls and risk management; g) shareholders/investors communication; h) Board membership and appointments; and i) corporate governance matters. <p>The roles and responsibilities of the Board of Directors, Executive Chairman and CEO are clearly outlined in the Board Charter.</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 3.1

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 in place a Code of Conduct and Ethics for Directors and employees. The said Code is available at https://k-one.com/code-of-conduct-ethics/.</p> <p>The above Code is reviewed periodically to ensure relevance and alignment with the prescribed requirements and best corporate governance ("CG") practices. The Board is mindful of its leadership in business ethics practices as one of the key elements of business sustainability.</p> <p>The Code of Conduct and Ethics provides principles and standards to act in public interest and best interest of the Group and covers areas of transparency, integrity, accountability, sustainability, conflicts of interest ("COI"), anti-corruption/bribery, confidentiality, insider trading, fair dealing and anti-competition, proper use of Group's assets, compliance with laws, rules and regulations. The reporting of unlawful or unethical behaviour is encouraged, particularly through the Whistle Blowing Policy.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's Whistleblowing Policy fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any violations or improper conduct or wrongdoing.</p> <p>The said policy provides an avenue for employees or any external party to report any breach or suspected breach of any law, regulation, business principles, policies and guidelines in a safe and confidential manner. An employee who makes a report of improper conduct in good faith shall not be subject to unfair dismissal, victimisation, demotion, suspension, intimidation or harassment, discrimination, any action causing injury, loss or damage or any other retaliatory actions by the Management.</p> <p>The Board reviews and oversees the implementation of the Whistleblowing Policy and all whistleblowing reports are addressed to the Executive Chairman of the Board or Audit & Risk Management Committee Chairman of the Group. Duties relating to the day-to-day administration of the Whistleblowing Policy are performed by the Internal Audit Manager.</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>One of the key responsibilities of the Board under its Terms of Reference ("TOR") is to review and approve strategic initiatives including corporate business restructuring and strategic alliances, to ensure that they support long-term value creation and take into account economic, environmental and social considerations underpinning sustainability. Accordingly, the Board is ultimately accountable for ensuring that sustainability is integrated into the strategic direction of the Group and its operations. To achieve this, the Board continuously ensures that there is an effective governance framework for sustainability within the Group.</p> <p>In this respect, the Chief Executive Officer ("CEO") through the Management team, assists the Board in overseeing the formulation, implementation and effective management of the Group's sustainability strategies.</p> <p>In addition, the Risk Management Committee ("RMC") is responsible in overseeing the Group's various risks including sustainability and climate related risks. The CEO, through the Management, continues to be responsible for the strategic management of material sustainability matters of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 4.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's sustainability strategies, priorities and targets as well as performance against these targets are developed and broadly monitored after a careful review of outcomes and engagements with key internal and external stakeholders.</p> <p>There are 3 priority sustainability initiatives, namely economic, environment and social, covering key aspects of products and services, ecosystem, environment, workforce and the community. Initiatives within each priority area are driven by relevant divisions/departments across the Group.</p> <p>The initiatives are set out in the Group's Sustainability Statement which can be found in the Group's Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	The Board keeps itself informed about the pertinent sustainability developments by way of presentation of updates, structured reading and discussions. During the financial year under review, the Board members on their volition read books/articles covering a wide range of sustainability topics which included climate change. In addition, Management and the Company Secretary apprised the Board on the latest sustainability developments through presentations with key considerations embedded in the papers for the Board's attention.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The current performance review for the Senior Management takes into account sustainability risks and opportunities which includes but not limited to financial and people development factors.</p> <p>The Board Effectiveness Evaluation for 2021 included assessment on the Board’s understanding on sustainability issues that are critical to the Group’s performance.</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 4.5- 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><u>Refreshing the Board Composition</u></p> <p>The Nomination Committee (“NC”) is responsible, amongst other key roles to assist the Board in the development and implementation of policies on the nomination, appointment and evaluation of Directors and Board Committee members to achieve long-term sustainability.</p> <p>In this respect, the Board is mindful that for it to be effective, its composition must include the right group of people, with an appropriate mix of skills, knowledge, experience and independence elements that fit the Company’s objectives and strategic goals. In conjunction with this, the NC had established a pool of potential Directors (“Talent Pool”) for its reference in the appointment process. The Talent Pool is updated from time to time, based on the contribution by the Board members as well as various external sources.</p> <p>The NC had in 2021 conducted its annual review of all Directors and Board Committee members and found the respective Directors and Board Committee members to be satisfactory in undertaking their designated functions effectively. The Board subsequently approved for the current Directors and Board Committee members to continue in office.</p> <p>As regards to the Independent Non-Executive Directors (“INEDs”), namely Goh Chong Chuang and Loi Kim Fah who have served more than 12 years, the NC and the Board were of the views that the suitability of an INED to carry out his/her responsibilities is very much a function of calibre, experience and personal qualities. The Board has recommended to seek shareholders’ approval through a two-tier voting process for these two INEDs to continue in office in the 21st AGM scheduled on 30 May 2022.</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

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	:	Applied
Explanation on application of the practice	:	<p>The Board of K-One Technology Berhad comprises of seven (7) Directors, made up of four (4) Independent Non-Executive Directors (“INEDs”), one (1) Non-Independent Non-Executive Director and two (2) Executive Directors.</p> <p>All the four (4) INEDs satisfy the independence test under the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). They constitute 57% of the Board.</p> <p>In addition, the assessment of independence of the INEDs are conducted on an annual basis via self and peer evaluations to ensure that the INEDs were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Group. Independence and objectivity are some of the key INEDs’ performance criteria in accordance with Guidance of the Malaysian Code on Corporate Governance.</p> <p>The outcome of the evaluations’ results indicated that the Directors have demonstrated independence and objectivity in the Board’s decision-making process, have given valuable feedback through sharing of knowledge and experience and have acted in the best interests of the Group, as well as in safeguarding public interest.</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

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>Considering the recommendation of the Code pertaining to the tenure of an Independent Director exceeding a cumulative term of nine (9) years, the Board holds the view that the ability of an Independent Director to exercise independent judgement is not affected by the length of service. The suitability of an Independent Director to carry out his responsibilities is very much a function of calibre, experience and personal qualities. In this respect, the Board has sought shareholders' approval in the 20th Annual General Meeting ("AGM") and the shareholders have given the approval through a two-tier voting process in the said AGM to extend the tenureship of Independent Non-Executive Directors, Goh Chong Chuang and Loi Kim Fah, as they have served more than twelve (12) years in their respective individual capacities based on the following justifications:-</p> <p>(a) They have fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market (AMLR) and thus, they would be able to function as a check and balance, including bringing in an element of objectivity to the Board;</p> <p>(b) They have vast experience in their respective fields. Goh Chong Chuang has been involved in the electronics industry for over forty (40) years and had held senior positions (Executive Director/Advisor) in a Japanese multinational prior to joining the Company's Board. Loi Kim Fah has been a practising professional accountant for more than thirty (30) years; engaged in auditing and advising a multitude of industries in various aspects of accounting, finance and business planning. As such, they can provide constructive opinions and exercise independent judgement which act in the best interest of the Group;</p> <p>(c) They have and will continue to be able to devote sufficient time and attention to their professional obligations for informed and balanced decision making; and</p> <p>(d) They have demonstrated integrity of independence and had not</p>

	<p>entered into any related party transaction with the Company or Group.</p> <p>The Board is recommending and will be seeking shareholders' approval through a two-tier voting process in the coming 21st Annual General Meeting to extend the tenureship of Independent Non-Executive Directors, Goh Chong Chuang and Loi Kim Fah, based on the above similar justifications.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board and the Nomination Committee (“NC”) has taken into account the current diversity in skills, experience, age, ethnicity (cultural background) and nationality of the existing Board and will be cognizant on the same in seeking potential Board candidate(s). This will help to ensure an appropriate balance between the experience of the existing Directors and new perspectives of the incoming Directors.</p> <p>The Board strongly views that diversity of the Board’s composition is important to facilitate optimum decision-making by harnessing different insights and perspectives.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The policies and procedures for recruitment and appointment (including re-election/re-appointment) of Directors are set out in the “Terms of Reference of the Nomination Committee.”</p> <p>The Nomination Committee (“NC”) is guided by the said Terms of Reference in carrying out its responsibilities in respect of the nomination, selection and appointment process for the Group and its subsidiaries, which also provides the requirements under the relevant laws and regulations on the matter. In this respect, the Board has established a pool of potential Directors for its reference when considering new appointments, in line with the sourcing process and criteria for potential candidates as set out in the Terms of Reference. The pool has been continuously refreshed with new potential candidates, having regard to the selection criteria, to ensure that the list of potential candidates remains relevant and offers the talent/skills required for the NC/Board’s consideration. As part of the recruitment exercise, the NC had also utilised various independent sources to ensure that it is able to identify the most suitable candidates.</p> <p>The proposed candidate will also be required to confirm that he/she meets the criteria for an independent director as prescribed in the Listing Requirements of Bursa Malaysia Securities Berhad prior to recommending to the Board for approval of his/her proposed appointment as an Independent Non-Executive Director.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The profiles of Directors are published in the Annual Report and on K-One's website. These include their age, gender, tenure of service, directorships in other companies and working experience.</p> <p>With regards to the extension of tenureship of Independent Non-Executive Directors, Goh Chong Chuang and Loi Kim Fah, as they have served more than twelve (12) years in their respective individual capacities, both Goh Chong Chuang and Loi Kim Fah had abstained from deliberation and decision by the Board and NC on their tenureship extension.</p> <p>Taking into consideration the Directors' self and peer assessment results, the Board resolved to approve and support the tenureship extension of Goh Chong Chuang and Loi Kim Fah and recommended them for shareholders' approval through a two-tier voting process in the 20th AGM. The Board also provided a statement to support the said tenureship extension for the 2 INEDs in the Company's Notice of AGM.</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

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The current Chairman of the Nomination Committee is an Independent Non-Executive Director (“INED”); namely, Goh Chong Chuang who is nominated amongst the Independent Non-Executive Directors.	
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 Board acknowledges the importance of gender diversity as an important element of a well-functioning board. Currently, the Board has a female Director which makes up 14% representation of women on Board.</p> <p>To this end, the Board views the appointment of more female Directors within the Board as a long-term goal to which incremental steps shall be taken to ensure that it is adopted within the timeframe stipulated.</p> <p>As stipulated in the MCCG under Practice 5.9, the Board is encouraged to review gender diversity at a Senior Management level. To this end, the Group performs better as the Management team comprises a few females. Crucial positions such as Head of Sales & Marketing, Marketing Manager, Materials Manager, Key Account Managers, HR & Administration Manager and Finance Manager are held by female personnel.</p> <p>The Board leverages on the extensive female talent at the Management level by incorporating viewpoints from these personnel into Board level deliberations and decision-making.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board is supportive of gender diversity in the Board composition as recommended by the MCCG and is actively endeavouring to identify and assess suitably qualified female candidates for nomination to the Board.
Timeframe	:	Within 3 years

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	:	
Explanation for departure	:	<p>At present, the Group does not have a formalised policy on gender diversity in place at the Board or Management level. As highlighted under Practice 5.9, the Board currently has 14% female representation.</p> <p>The Board acknowledges the importance of gender diversity and recognises the multifarious benefits that it can bring. It is the aim of the Board to have an appropriate level of diversity on its Board as well as amongst Management to reflect the diverse nature of the Group's operations and support of its strategic objectives.</p> <p>The key personnel of the Management team of the Group are well staffed with high calibre and experienced female personnel.</p> <p>The Board is of the view that it is already reaping the multifarious benefits that come with diversity in gender. This is because the views of the extensive female representation at the Management level ultimately have their opinions, findings and strategies escalated to the Board. This then forms the basis of Board level deliberation and decision-making.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	<p>Notwithstanding the above, the Board is aware of the added benefits of having further female representation at the Board level as a stipulated policy.</p> <p>The Group will work towards crafting this policy to pursue female representation on the Board as and when the need arises. In spite of this, the primary focus is to select the most suitable candidate.</p>
Timeframe	:	Within 3 years

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: The Nomination Committee annually performs an assessment of the effectiveness and performance of the Board, Board Committees and individual Directors in order to verify that the Board is functioning effectively as a whole. Each Director would complete detailed questionnaires, covering among other things; contribution to interaction, quality of input, understanding of role and personal developments with the aim of enhancing Board and Board Committees' performance. An evaluation of each Board Committee would also be done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Terms of Reference. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices. Assessments and evaluations were conducted for 2021 and the Board was satisfied with the overall performance of its Directors and the respective Board Committees.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:

Timeframe	:		
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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 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a formal and transparent process for approving the remunerations of the Board and the Senior Management.</p> <p>The remunerations adjustments are reviewed by the Remuneration Committee ("RC") on an annual basis prior to making its recommendations to the Board for approval. In its review, the RC considers various factors including the Non-Executive Directors ("NEDs")' fiduciary duties, time commitments expected of them, individual contribution, work scope, compensation survey indices and the Group's financial performance. The Board is mindful that fair remuneration is critical to attract, retain and motivate the Directors.</p> <p>The remunerations and benefits payable to the Independent Non-Executive Directors shall from time to time be determined by an Ordinary Resolution of the Company in a general meeting in accordance with Section 230 of the Companies Act 2016.</p> <p>The RC is also responsible to recommend the annual salary increments and performance bonuses of the Senior Management to the Board for approval in respect of each financial year based mainly on the individual's and the Group's financial performance.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee ("RC") comprises mainly of Independent Non-Executive Directors ("INEDs"). The Terms of Reference ("TOR") of the RC delineate the roles and responsibilities in relation to remuneration matters are available at https://k-one.com/terms-of-reference-of-remuneration-committee/.</p> <p>The Board is satisfied that the RC has effectively and professionally discharged its roles and responsibilities with respect to its remuneration functions, which include amongst others, reviewing of the remuneration policies and compensations for the Board and Senior Management.</p> <p>(1) Directors' fee Each INED is entitled to a fee of RM4,800 per month. The Executive Chairman, CEO and Non-Independent Non-Executive Director ("NINED") do not receive any Director's fees and meeting allowance for attending Board and general meetings.</p> <p>At the 20th AGM of the Company held on 24 May 2021, the fees payable to the INEDs of the Company from 25 May 2021 until the 21st AGM of the Company on 30 May 2022 ("12 months") was approved for RM280,000. The utilisation of this approved amount as at 31 December 2021 was RM146,067. Based on the schedule of meetings in the first five (5) months of 2022, the cumulative sum of RM105,000 is expected to be utilised for payment of meeting allowance and fees to the INEDs. Hence, the expected total utilised amount would be approximately 90% of the approved amount of RM280,000.</p> <p>(2) Benefits payable to NEDs The benefits payable to the INEDs comprise meeting allowances of</p>

	<p>RM1,000 per meeting attendance. There are no benefits payable to the NINED.</p> <p>The total amount of fees and benefits payable to the NEDs is estimated to be up to RM320,000 from 31 May 2022 to the next AGM in 2023, taking into account various factors including the number of scheduled meetings for the Board as well as the potential increase in number of NEDs involved in these meetings.</p> <p>The Board is of the view that it is just and equitable for the NEDs to be paid the Directors' fees on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries.</p> <p>The Executive Chairman's and CEO's remuneration packages are structured based on linking corporate and individual performance, determined by Key Performance Indicators to variable incentives such as bonus, salary increment and ESOS (if relevant) as approved by the Board. The Executive Chairman's and CEOs' remuneration packages in respect of financial year ("FY") 2021 were reviewed by the RC, after which were approved by the Board.</p> <p>The Executive Chairman and CEO respectively were not granted bonus and salary increment in respect of FY 2021 by the Board.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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 details of the individual Directors' remuneration for the financial year ended 31 December 2021 with breakdown into salaries and bonuses, fees, meeting allowances, benefits-in-kind and other emoluments are disclosed 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	Ir. Edwin Lim Beng Fook	Executive Director	0	0	0	0	0	0	0	0	0	941	0	0	0	941
2	Dato' Martin Lim Soon Seng	Executive Director	0	0	0	0	0	0	0	0	0	942	0	0	0	942
3	Bjørn Bråten	Non-Executive Non-Independent Director	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Goh Chong Chuang	Independent Director	58	5	0	0	0	0	63	58	5	0	0	0	0	63
5	Loi Kim Fah	Independent Director	58	5	0	0	0	0	63	58	5	0	0	0	0	63
6	Anita Chew Cheng Im	Independent Director	58	5	0	0	0	0	63	58	5	0	0	0	0	63
7	Dato' Azlam Shah bin Alias	Independent Director	58	5	0	0	0	0	63	58	5	0	0	0	0	63
8	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
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company has disclosed the remuneration packages of its Executive Chairman and CEO as illustrated in Practice 8.1.</p> <p>At this particular juncture, the Board is of the opinion that the disclosure of the other top Senior Management personnel's identity and their remuneration packages would be detrimental to the best interests of the Group due to labour market competition considerations.</p> <p>Specifically, the Board is aware of and intends to protect against talent poaching of its Senior Management personnel. To add a veneer of clarity, talent poaching is relatively prevalent in the industry and hence, the disclosure of remuneration packages may inadvertently compromise competitiveness under the guise of transparency.</p> <p>However, as indicated, we have disclosed the remuneration packages of the Executive Chairman and CEO respectively.</p> <p>The total remuneration paid for the past year and salary increment determined for the following year for the Senior Management is structured based on linking corporate and individual performance achieved to Key Performance Indicators set prior to commencement of the year. The Board will consider disclosing the remunerations of the other Senior Management as and when it is deemed appropriate.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	<p>The Board shall consider disclosing the remunerations of the Group's other top Senior Management personnel, besides the Executive Chairman and CEO when it is confident that the risks of talent poaching have been alleviated to an acceptable level.</p> <p>Henceforth, in tandem with market readiness, the Group will provide</p>

	detailed disclosure of the top five Senior Management personnel's remuneration in the future as part of heightened transparency efforts.	
Timeframe	:	Others 5 years

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit And Risk Management Committee ("ARMC") comprises of five (5) members who are Non-Executive Directors ("NEDs") with four of them being independent and only one non-independent.</p> <p>The ARMC Chairman, Loi Kim Fah is a member of the Malaysian Institute of Certified Public Accountants (MICPA), Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Taxation. He is not the Chairman of the Board.</p> <p>Loi Kim Fah is an Independent NED and was appointed as the ARMC Chairman since 3 February 2005. Ir. Edwin Lim Beng Fook is the Chairman of the Board.</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

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 Group has always recognised the need to uphold independence. None of the members of the Board or Board Committees were former key audit partners.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The ARMC conducts annual assessment on the Group's external auditors. The areas of assessment encompass technical competencies, adequacy of specialist support, partner/director accessibility, time commitment, independence and objectivity, audit scope and planning, audit and non-audit fees and audit communication with the ARMC.</p> <p>In support of the assessment on independence, the external auditors would provide written assurance to the ARMC, confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements.</p> <p>Premised on the assessment result, the ARMC makes recommendation on the re-appointment of external auditors accordingly.</p> <p>In February 2022, the ARMC conducted an evaluation of the external auditors, Baker Tilly Monteiro Heng PLT ("Baker Tilly") for the financial year 2021. Based on the result of the assessment, the ARMC and the Board are satisfied with Baker Tilly's independence and shall recommend its re-appointment for shareholders' approval at the forthcoming AGM on 30 May 2022.</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	:	<p>The Board reviews the terms of office of the ARMC members and assesses the performance of the ARMC and its members through an annual Board Committee effectiveness evaluation.</p> <p>The ARMC members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes so as to enable them to sustain their active participation during deliberations.</p> <p>The Chairman and members of the ARMC are financially literate and have carried out their duties in accordance with the Terms of Reference of the ARMC.</p> <p>Based on the results of the Board Committee Assessment on the ARMC which was carried out in conjunction with the Board Effectiveness Evaluation 2021, the Board is satisfied with the ARMC's performance as its Chairman and members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the ARMC.</p> <p><u>Continuous Education</u></p> <p>The ARMC members were invited to various training programmes to keep abreast of relevant industry developments including accounting and auditing standards, business practices and rules to address any skills or knowledge gaps according to their needs. The ARMC Chairman, Loi Kim Fah who runs his own audit practice continues to be actively updated on accounting and audit practices as part of his professional development requirement for his various professional memberships in MICPA, MIA and the Malaysian Institute of Taxation.</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 affirms its overall responsibility for the Group’s system of internal control and risk management and for reviewing the adequacy and integrity of the system. The system of internal control covers governance, risk management, financial, strategy, organisational, operational, regulatory and compliance control matters. The Board recognises that this system is designed to manage the achieving of goals and objectives within the risk tolerance established by the Board and Management. Therefore, the system provides reasonable, but not absolute assurance against the occurrence of any material misstatement, loss or fraud.</p> <p>To further strengthen the risk management and compliance functions, the Group at the Management level has a Risk Management Committee which acts as the centralised risk management hub integrated with a compliance function to provide a holistic and an enterprise-wide view of risk and compliance management.</p> <p>The Group has in place a risk management framework for managing risks affecting its business and operations. The level of risk tolerance of the Group is expressed through the use of a risk impact and likelihood matrix with an established risk tolerance boundary demarcating those risks that are deemed to have “exceeded risk tolerance” and those that have not. Clear risk treatment guidance is in place stipulating the actions to be taken for each type of risk.</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 Board oversees the risk management matters of the Group, which includes identifying, managing, monitoring, treating and mitigating significant risks. The Risk Management Committee ("RMC") at the Management level assists the Board to fulfil its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure of the Group. The RMC is also responsible for overseeing the compliance and business continuity functions.</p> <p>The RMC reviews and recommends for the Board's consideration and approval, the risk management principles, frameworks and policies for managing risks. The RMC also monitors and assesses the risk appetite and risk tolerance of the Group so as to safeguard the shareholders' investments and the Group's assets.</p> <p>The Group has an established and structured process for the identification, assessment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies and controls at the divisional and enterprise levels. The analysis and evaluation of risks are guided by approved risk criteria. The Group also has risk management tools to support the risk management process and reporting.</p> <p>In November 2021, the RMC reviewed and recommended the Annual Corporate Risk Profile 2022 which specifies key enterprise risks, for approval by the Board. The Board at its meeting held in November 2021 considered the residual risk severity of the top 10 key risks of the Group and took into consideration the potential impact from any foreseeable future event or situation which could adversely affect the strategic objectives of the Group. The RMC regularly monitors the key risks facing the business in order to stay current on governance practices relating to the risks.</p> <p>Further details on the management and reporting of risks are provided in the Statement of Risk Management and Internal Controls on Pages 34 to 36 of the Annual Report 2021.</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 10.3 - 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	:	<p>The Audit Committee was restructured as the Audit & Risk Management Committee (ARMC) in 2018. The ARMC comprises of five members, four (4) of which are Independent Non-Executive Directors and with the fifth one being a Non-Independent Non-Executive Director.</p> <p>The ARMC would review the findings and/or recommendations of the Risk Management Committee at the Management level and provide the necessary guidance for adoption or enhancement to mitigate the various business and operational risks of the Group.</p>

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 Group has an in-house internal audit (“IA”) function which is led by the IA Manager who reports directly to the Audit & Risk Management Committee (“ARMC”) and administratively to the Chief Executive Officer.</p> <p>In this respect, the IA Manager shall be accountable in reporting to the ARMC on the assessment of adequacy and effectiveness of the Group’s internal control and risk management processes. He has full access to the ARMC Chairman for consultation and clarification on audit scope and objectives as well as reporting purpose.</p> <p>As guided by the IA’s Audit Charter, the IA is independent of the activities and processes which it appraises to ensure that it is able to perform its duties in an objective manner and provide impartial advice to the ARMC.</p> <p>The IA function undertakes an independent assessment on the internal control and risk management system of the Group and provides assurance to the ARMC that no material issue or major deficiency has been noted which would pose a high risk to the overall system of internal control under review.</p> <p>To ensure that the responsibilities of the IA are independently and fully discharged, the ARMC reviews:-</p> <ul style="list-style-type: none">(a) the appointment and removal of the IA Manager;(b) the adequacy of the IA’s scope, competency, experience and resources of the IA function; and(c) the appraisal or assessment of performance of the IA function and performance of the IA Manager, who is responsible for the regular review of the effectiveness of risk management, control, and governance processes within the Group; <p>The IA engagements were carried out based on the Audit Plan 2021 as approved by the ARMC. The results of the audits as disclosed in the IA reports were reviewed by the ARMC. The relevant Management members were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes. The IA conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately. In this respect, the IA has added value by enhancing the governance, risk</p>

	<p>management and control processes within the Group.</p> <p>The IA Manager constantly keeps himself abreast with developments in the profession, relevant industry and regulations through attendance at conferences/trainings.</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 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 Internal Audit (“IA”) function has been maintaining its independence and objectivity in carrying out its activities. In addition, all auditing endeavours are conducted in compliance with the Institute of Internal Auditors’ (“IIA”) Definition of Internal Auditing, Code of Ethics and the International Standards for Professional Practice of Internal Auditing as set out in the Terms of Reference (“TOR”) of the AC.</p> <p>The IA manager reports directly to the Audit & Risk Management Committee (“ARMC”) and administratively to the CEO on matters relating to the administration of the IA Department.</p> <p>The IA function comprised the IA Manager - Loh Wai Keong who is an Associate Member of the Institute of Internal Auditors_Malaysia. He resigned in December 2021 and was replaced by the current IA Manager - Oon Yee Juin, who holds a Master of Business Administration from Asia e University. He is also an Associate Member of the Institute of Internal Auditors Malaysia.</p> <p>The ARMC was satisfied that the IA function is performed in accordance with the IIA's Definition of Internal Auditing and Code of Ethics and that it conforms to the International Standards for Professional Practice of Internal Auditing. This would enable the IA function to continuously deliver value-added assurance and support the Group in achieving its corporate and strategic objectives.</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 Group ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure. The Group also actively engages all its stakeholders through various platforms including announcements via Bursa LINK, disclosures on the Group's website and engagement through investor relations' functions.</p> <p>The Group via its website, includes an Investor Section which provides all relevant key information which is accessible to the public. This Investors Section enhances the Investor Relations ("IR") function by including all announcements made on Bursa Malaysia, quarterly and annual reports as well as the corporate and governance structures of the Group.</p> <p>The IR function is established to enable continuous communication between the Group and its stakeholders. The stakeholders are encouraged to channel their concerns to the Board Chairman and/or the Audit And Risk Management Committee Chairman at e-mail address:- corp@k-one.com.</p> <p>To facilitate the stakeholders' understanding of the Group with respect to its business and policies on governance, the Group has published various documents pertaining to the organisation, Board and Management, corporate governance, policies, charters, terms of references as well as other corporate information on its Corporate Section under 'Investor Relations' for easy reference.</p> <p>The Group has also utilised information technology broadly and effectively to disseminate information with regard to the publishing of the quarterly financial results. The results are announced via Bursa LINK on the same day after the Board's approval and the financial results are uploaded on the Group's website at the same time or the following day. This is important in ensuring that equal and fair access to information is provided to the investing public to make informed decisions.</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	:	<p>In line with the Malaysian Code of Corporate Governance, the Company abides by dispatching the Notice of its 21st Annual General Meeting (“AGM”) at least 28 days prior to the AGM. This provides adequate time for shareholders to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.</p> <p>The Group distributes Notice of the AGM, which provides information to the shareholders regarding the details of the AGM, their entitlement to attend the AGM, their right to appoint a proxy and information as to who may count as a proxy. The Company allows a member to appoint a proxy or proxies who need not be a member of the Company.</p> <p>The notes to the Notice of the 21st AGM dated 29 April 2022 had provided detailed explanations for each resolution proposed on special business, e.g., authority to issue and allot shares, etc, to enable shareholders to make informed decisions in exercising their voting rights.</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 13.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>It has been the practice of the Company that all Directors be present at the AGM and the Senior Management are also present to provide response to queries raised by shareholders as appropriate.</p> <p>At the 20th Annual General Meeting (“AGM”), all Directors were present in person to engage directly with shareholders and be accountable for their stewardship of the Group. Amongst them, were three (3) Directors who were concurrently the Board Chairman, Chairmen of the Audit & Risk Management Committee, Nomination and Remuneration Committees (“NRC”) respectively.</p> <p>The proceedings of the 20th AGM included the presentation of the external auditors’ unqualified report to the shareholders and a Questions & Answers session during which the Board Chairman invited shareholders to raise questions pertaining to the Group’s financial statements and other items for adoption at the meeting, before putting a resolution to vote.</p> <p>The Directors, Board Chairman, CEO, Senior Management and external auditors were in attendance to respond to the shareholders’ queries.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group’s first fully virtual AGM was held on 24 May 2021, by leveraging on technology to facilitate remote shareholders’ participation and electronic voting for the conduct of poll on the resolutions.</p> <p>Similarly, the entire 21st AGM proceedings will be held through virtual meeting facilities. The administrative details of the AGM as well as the virtual meeting facilities user guide with detailed registration and voting procedures will be shared with the shareholders and the same will also be published on K-One’s website.</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 13.4

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 Group seeks to foster mutually reinforcing relationship with its shareholders as underpinned by the principle of transparency. To this end, the Group through the guidance of the Board Chairman encourages a culture of openness, allowing for questions or seeking of clarifications from shareholders to be addressed appropriately. The Group believes that it is through the engagement of meaningful dialogues that it will gain the trust and support of shareholders and the investment community.</p> <p>For the 20th AGM held on 24 May 2021, shareholders were given an option to submit questions in advance. During the AGM, shareholders were able to log on and participate remotely as well as pose questions online via the technology platform provided by HMC Corporate Services Sdn Bhd.</p> <p>The responses to the questions were incorporated in the AGM minutes and were duly published on K-One’s website.</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.

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.

Application	:	Applied
Explanation on application of the practice	:	<p>HMC Corporate Services Sdn Bhd was engaged to provide the technology platform (“Virtual Meeting platform”) to broadcast the proceedings of the 20th AGM virtually.</p> <p>(1) HMC Corporate Services Sdn Bhd was also appointed as the Poll Administrator. The service provider had verified the eligibility of shareholders/corporate representatives/proxies to attend the 20th AGM based on the General Meeting Record of Depositors as at 17 May 2021 and upon the cut-off date and time for proxy form submission. This online platform was secured exclusively for the members with approved registration for the e-Voting functionality at the 20th AGM.</p> <p>(2) HMC Corporate Services Sdn Bhd had introduced the Virtual Meeting platform as part of its new services to assist the user in tracking the questions posed by the shareholders prior to and during the 20th AGM. Similarly, the same application/tool had been used by the Group for the same questions to be made visible to all meeting participants. With the use of the said application/tool, the Board Chairman together with fellow Directors and the Senior Management who have a good understanding of the Company’s and Group’s business, had managed the Q&A session proficiently.</p> <p>(3) The extensive Q&A session of about 1 hour served as an interaction between the Directors, Senior Management and shareholders during the fully virtual meeting. Whilst the members were in attendance in the proceedings of the 20th AGM at, he/she could cast his/her votes electronically. This is in line with the SC’s Guidance which provides that Members shall be allowed to cast their votes remotely and contemporaneously (live) during the proceeding of the general meeting.</p> <p>(4) The poll results were verified by the Scrutineers, U Search</p>

	<p>Management Services. The Poll Administrator announced the poll results of each Resolution 1 to 8 and each of them was displayed to members, corporate representatives and proxies present as the Board Chairman declared that the resolutions were duly passed.</p> <p>For those shareholders who were not able to attend the 20th AGM, he/she could read the minutes of the AGM meeting which was uploaded on K-One's website at https://k-one.com/all-announcements/.</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

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 Minutes of the 20th Annual General Meeting (AGM) dated 24 May 2021 were uploaded on K-One’s website at https://k-one.com.all-announcements/ on 24 May 2021, which was within 30 business days after the AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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