

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0041
COMPANY NAME : Hong Seng Consolidated Berhad (“Hong Seng” or “the Company”)
FINANCIAL YEAR : September 30, 2025

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("the Board") of Hong Seng is collectively responsible to oversee and ensure that the conduct of the businesses of Hong Seng and its subsidiaries ("the Group") comply with relevant laws, policies, standards and guidelines applicable to the Group. In carrying out this responsibility, the Board guides the Group in creating sustainable value for stakeholders while upholding the highest standards of governance.</p> <p>The Board's role, responsibilities, governance and effectiveness are also as set out in the Board Charter. In discharging its fiduciary duties, the Board has also delegated specific tasks to the Board Committees, all of which operate within respective defined terms of reference.</p> <p>The roles and responsibilities of the Board are as follows:-</p> <ul style="list-style-type: none">(i) Reviewing, approving and monitoring the overall strategic and direction of the Group.(ii) Overseeing and evaluating the conduct and performance of the Group's businesses, including its control and accountability systems.(iii) Identifying and managing principal risks affecting the Group.(iv) Reviewing the adequacy and integrity of the Group's internal control systems, including systems for compliance with applicable laws regulations, rules and guidelines.(v) Approving major capital expenditure, capital management and acquisitions/divestitures.(vi) Ensuring that the statutory accounts of the Company are fairly stated and otherwise conform with the relevant regulations

	<p>including acceptable accounting policies that result in balanced and understandable financial statements.</p> <p>(vii) Ensuring high standards of ethics and corporate behaviour in the conduct of business.</p> <p>(viii) Approving policies relating to investors relations programme and shareholder communication and overseeing stakeholders communications.</p> <p>(ix) Commitment to governing management and providing oversight of the Company, including the appointment of senior management, the implementation of appropriate policies and procedures that govern management conduct, staying abreast with and understanding sustainability issues relevant to the Company and its business and together with the Management takes responsibility for the governance of sustainability strategies, priorities and targets; and monitoring of performance and succession planning.</p> <p>(x) Identifying 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.</p> <p>The Board Charter serves as a reference point for Board activities. It is designed to provide guidance and clarity for the Directors and Management with regard to the roles of the Board and its Committees, the role of the Executive Director (“ED”), the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board’s operating practices. The Board has also adopted a Code of Ethics and Conduct.</p> <p>The Board Charter and TOR of respective committees are available on the Company’s website at https://www.hongseng.com.my/.</p> <p>In discharging its responsibilities, the Board is guided by the Code of Ethics and the principles contained in the Malaysian Code on Corporate Governance (“MCCG”). The Directors of the Company have a duty to declare immediately to the Board should they be interested in any transaction to be entered into directly or indirectly within the Group.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
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>Datuk Dr. Yacob Bin Mustafa ("Datuk Dr. Yacob") was appointed as the Independent Non-Executive Chairman of the Hong Seng on 2 September 2024. Subsequently, Datuk Dr. Yacob was re-designated as Non-Independent Non-Executive Deputy Chairman on 7 November 2025 and Mr. Ng Keok Chai ("Mr. Ng") was appointed as the Independent Non-Executive Chairman of Hong Seng on 7 November 2025.</p> <p>The Chairman of the Board is primarily responsible to provide leadership at the Board level so that the Board can perform its responsibility effectively and represent the Board to the shareholders and other stakeholders. The Chairman is responsible for ensuring the integrity and effectiveness of the Board and its Committees.</p> <p>The responsibilities of the Chairman, amongst others, are to:</p> <ul style="list-style-type: none">(i) Facilitate all Board meetings and ensure the appropriate level of interaction among Board members, subsidiary Board members and senior management;(ii) Leading the Board in the adoption and implementation of good governance practices in the Company.(iii) Ensure a balanced composition of skills, knowledge and experience within the Board and an effective working, reporting and communication mode is present.(iv) Ensure that material matters in respect of the business or governance of the Company or the Group are tabled and ventilated effectively for Board decision making.(v) Ensure all board committee meetings are conducted separately from the main board meeting to enable objective and independent discussion during the meeting.(vi) Monitor the performance of the individual and collective roles of the directors and the Board.(vii) Maintain a regular and constructive dialogue with the Group Managing Director and senior management with respect to all

	<p>material matters affecting the Company and the Group and consult with the other Board members promptly and appropriately.</p> <p>(viii) Chair all meetings with the shareholders i.e. annual general meeting and extraordinary general meeting.</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

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and Executive Directors (“ED”) are distinct and separated to ensure that there is a balance of power and authority. The Chairman, in leading the Board in its collective oversight of the management, is responsible for ensuring the smooth and effective functioning of the Board, while the Group ED is responsible for the day-to-day management of the business and implementation of the Board’s policies and decisions.</p> <p>The Group ED lead the management of the Company in making and implementing the day-to-day decisions on the business operations, managing resources and risks in pursuing the corporate objectives of the Group. They bring material and other relevant matters to the Board, motivate employees, and drive change/innovation and growth within the Group.</p> <p>The distinct and separate roles and responsibilities of the Chairman and ED are clearly stated in the Board Charter, which is available on the Company’s website at https://www.hongseng.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	: Departure
Explanation on application of the practice	:
Explanation for departure	: <p>The Chairman of the Board, Mr. Ng is not a member of the Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC") of the Company. He was invited to the meetings to provide inputs on the matters discussed during the meetings. However, he did not participate in the decision making of the resolutions, proposals and matters tabled for approval during the meetings.</p> <p>The Chairman of the Board does not have any conflict of interest in all aspects of the Group nor family relationships with any Directors or major shareholders of the Company which may affect his independence or influence his judgement. The Board is of the view that with diverse skills and competencies of the individual Directors, especially Independent Directors, who are appointed to form a competent and strong Board, the Chairman's participation at the committee level should be determined by his ability to contribute and participate, as much as the need for objectivity. The Board also believes that the objectivity in receiving or assessing committees' reports has not been diminished in any way.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	: Choose an item.

Intended Outcome

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 Group is currently outsourcing the corporate secretarial function to Cospec Management Services Sdn. Bhd. ("CMS").</p> <p>The Board is supported by two (2) Company Secretaries who are experienced and qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016 ("Act") and are registered holders of the Practicing Certificate issued by the Companies Commission of Malaysia.</p> <p>The Board acknowledges that the Company Secretaries play an important role and will ensure that the Company Secretaries fulfil the functions for which they have been appointed.</p> <p>The Company Secretaries play an important role in facilitating the overall companies with the Act, Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant laws and regulations. The Company Secretaries also assist the Board and Board Committees to function effectively and in accordance with their TOR and best practices and ensure adherence to the existing Board policies and procedures. In order to discharge the roles effectively, the Company Secretaries have been continuously attending the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the latest developments in the corporate governance realm and changes in regulatory requirements that are relevant to their profession and enable them to provide the necessary advisory role to the Board.</p> <p>The Board has direct access to the professional advice and services of the Company Secretaries and their team when performing their duties and discharging their responsibilities.</p> <p>During the financial period ended 30 September 2025 ("FPE 2025"), the Company Secretaries had conducted the following briefing, to keep the Board abreast of the latest development on the governance matters and provisions under the Listing Requirements of Bursa Securities:-</p> <ul style="list-style-type: none">• Key Amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

	<ul style="list-style-type: none"> • Key Amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Circular issued by Bursa on 30 October 2025) <p>During the financial period under review, the Board and Board Committees' meetings were properly convened and accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.</p> <p>Overall, the Board is satisfied with the service and support rendered by the Company Secretaries and their team to the Board in the discharge of the functions.</p>	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>To facilitate the Directors' time planning, an annual meeting calendar is prepared in advance of each new year by the Company Secretaries. The calendar provides the Directors with schedule dates for meetings of the Board and Board Committees as well as the Annual General Meeting ("AGM"). The closed period for dealings in securities by Directors and Principal Officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.</p> <p>The notice and meeting papers are generally circulated to the Board members at least seven (7) days prior to the dates of meetings. This is to ensure sufficient time for all Board members to review and deliberate on such matters accordingly and, where required, to obtain further information and clarification to facilitate well-informed decision making during the meeting.</p> <p>All Board members have unrestricted access to timely and accurate information in furtherance to their duties and may seek independent professional advice when necessary in discharging their various duties, at the Company's expense. The Independent Directors may also interact directly with, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from the Management, when needed.</p> <p>The deliberations and conclusions of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes of which are circulated for the Board and Committee Chairman's review within a reasonable timeframe after the meeting. The minutes of the meeting accurately captured the deliberations and decisions of the Board and/or Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.</p> <p>All the records of proceedings and resolutions passed are kept at the registered office of the Company.</p> <p>For matters which require the Board's decision on an urgent basis outside of Board Meetings, relevant supporting documents along with the Directors' Written Resolution will be circulated for the Board's</p>

	consideration. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 has formalised and adopted a Board Charter which sets out the roles, duties and responsibilities as well as the composition and processes to enable all Board members, to be aware of their duties and responsibilities at all times.</p> <p>The Board Charter serves as a comprehensive guide for prospective or new Board members to understand their roles and responsibilities and the commitment of time and contribution expected of them.</p> <p>The Board Charter would be reviewed periodically and updated in accordance with the needs of the Group and any new regulation that may have an impact on the discharge of the Board's responsibilities.</p> <p>The Board Charter is available at the Company's website at https://www.hongseng.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a Code of Conduct and Ethics which provides guidance to stakeholders on the ethical behaviour to be expected from the Group and sets out the Board's responsibilities as well as the Management's responsibilities to communicate, measure and monitor its values and performance to achieve objectives and to instill values.</p> <p>The Code of Conduct and Ethics is to be observed by all Directors and employees of the Group and will be reviewed by the Board from time to time to ensure that it continues to remain relevant and appropriate.</p> <p>The Code of Conduct and Ethics is available on the Company's website at https://www.hongseng.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a Whistle Blowing Policy and Procedures to provide a platform for employees, directors, and others to report serious concerns about risks of wrongful activities or reports of wrongdoing or to raise any concern or suspicious without fear of victimization or recrimination.</p> <p>It also provides a mechanism for genuine concerns raised by individuals to be addressed in a responsible and effective manner and for appropriate action to be taken to ensure that the matter is resolved effectively and within the Group whenever possible.</p> <p>The Board will review and update the Whistle Blowing Policy at least once every three (3) years to ensure its effectiveness and consistency with the governing legislation and regulatory requirements.</p> <p>The Whistle Blowing Policy and Procedures is available on the Company's website at https://www.hongseng.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledged the importance of incorporating sustainability considerations into the Company's business and corporate activities, and how sustainability is essential to successful business strategies that could deliver sustainable value to all stakeholders and ultimately boost the business performance of the Company.</p> <p>The Board together with the Management takes responsibility for the governance of sustainability in the Company, including setting the Company's sustainability strategies, priorities and targets. Performance against these clearly set targets is communicated to the Company's internal and external stakeholders.</p> <p>As part of the efforts to promote and build sustainability momentum within the Group, the Group has undertaken the following measures:</p> <ul style="list-style-type: none">(a) Environment – focuses on maximising the use of its resources to help create an impact towards climate change, environmental sustainability and the reduction of waste that is generated from business operations.(b) Economic – regards economic performance to be of crucial importance in achieving sustainable growth. With strong shareholders' backing, the sustainable management of assets and capital is vital to ensure the long-term development of the businesses.(c) Social – be a responsible corporate citizen by constantly re-assessing the Group's activities and business model to ensure a positive impact at the workplace and in the community.

	Governance – holds the Group to the highest standards in business ethics, principles and Codes of Conduct as part of its sustainability agenda by recognising the importance of good corporate governance in the execution of business strategies and in generating lasting shareholder value.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is cognisant of the fact that the Company’s internal and external stakeholders should receive an unfiltered and complete view of the Company’s sustainability strategies, priorities, targets and overall performance. This information should be comprehensive and include information on which stakeholders would be able to assess the Company’s sustainability risks and opportunities.</p> <p>As with preceding years, the Company has produced a Sustainability Statement that forms part of the Annual Report, pursuant to the Global Reporting Initiative (GRI) Standard: Core Option, Listing Requirements and the accompanying Sustainability Reporting Guide as well as Toolkits by Bursa Securities. The report aims to provide stakeholders with a tangible appreciation of the economic, environmental and social determinants that are being embedded within the Company’s operations.</p> <p>Whilst the Company currently does not obtain external assurance specific to its Sustainability Statement, regular audits and/or verifications are conducted by external parties on its operating sites, various policies, processes, and programmes as mentioned in the Sustainability Statement. In addition, in the preparation of this Statement, the Management has undertaken a validation process to verify the accuracy and integrity of the data reported.</p> <p>Details pertaining to the stakeholders’ engagement are available in the Sustainability Statement of the Annual Report 2025 (“AR 2025”).</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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through the NC, will assess the training programmes attended by each of the Directors during the financial period to ensure that they keep abreast with the relevant developments in the business environment as well as the relevant regulatory requirements.</p> <p>The key training programmes attended by each of the Directors during the FPE 2025, including training relating to sustainability, are set out in the Corporate Governance Overview Statements of the AR 2025.</p> <p>The Company Secretaries regularly update the Board on the changes in the Listing Requirements of Bursa Securities and/or other regulatory requirements upon receiving the circulars from Bursa Securities and/or other regulators, which are relevant to the Company and provide advice on corporate disclosures and compliance issues.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board and the Senior Management have performed their respective roles in addressing material sustainability risks and opportunities.</p> <p>The performance evaluation of the Board in addressing the Group’s strategic and business plans which promote sustainability materials matters was evaluated through the annual Board’s effectiveness evaluation for the FPE 2025.</p> <p>Whereas for the Senior Management team, it is part of their key performance indicators which are reviewed annually.</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.

<i>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.</i>	
Application	: Adopted
Explanation on adoption of the practice	: <p>The Board has the overall responsibility to oversee the sustainability objectives and strategies set and monitor the implementation of sustainability-related policies by the AC.</p> <p>The AC will assist the Board by spearheading the sustainability direction and implementation. The AC will develop and map out sustainability material matters and incorporate sustainability practices into the business model, which encompasses risks and opportunities.</p> <p>The Sustainability Working Group (“SWG”) is the designated person to ensure the relevant Heads of Department provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group. The Sustainability Working Group (“SWG”) comprises representatives of divisions and departments. The Sustainability Working Group executes the established policy, and action plans and provide progress updates to the AC. The SWG also will oversee the implementation of the sustainability initiatives and be involved in the compilation, tabulation and analysis of data required in the preparation of sustainability and ESG initiatives and reports.</p>

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC oversees the overall composition of the Board in terms of size, a mix of skills, experience and core competencies, as well as the balance between Executive Directors and Independent Non-Executive Directors.</p> <p>The effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board and the contribution of the Board's various committees will be assessed on an annual basis.</p> <p>The Board is fully aware that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years as recommended by the Malaysian Code on Corporate Governance ("MCCG"). However, if the Board intends to retain Director who has served as an Independent Director for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting.</p> <p>The annual re-election of retiring Directors has been contingent on a satisfactory evaluation of the retiring Directors' performance and contribution to the Board.</p> <p>In addition, the Directors' Fit and Proper Policy serves as a guide to NC and the Board for the appointment and re-election of the Director of the Company. The Directors' Fit and Proper Policy is published on the Company's corporate website at https://www.hongseng.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
------------------	---	--	--

Intended Outcome

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 currently consists of eight (8) Directors as follows:-</p> <table border="1"><thead><tr><th>Name</th><th>Designation</th></tr></thead><tbody><tr><td>Ng Keok Chai</td><td>Independent Non-Executive Chairman</td></tr><tr><td>Datuk Dr. Yacob Bin Mustafa</td><td>Non-Independent Non-Executive Deputy Chairman</td></tr><tr><td>Lester Chin Kent Lake</td><td>Executive Director</td></tr><tr><td>Wong Weng Yew</td><td>Executive Director</td></tr><tr><td>Yap Kien Ming</td><td>Independent Non-Executive Director</td></tr><tr><td>Leong Kam Soon</td><td>Independent Non-Executive Director</td></tr><tr><td>Dato' Kang Chez Chiang</td><td>Independent Non-Executive Director</td></tr><tr><td>Lim Poh Leng</td><td>Independent Non-Executive Director</td></tr></tbody></table> <p>The present composition of the Board complies with Paragraph 15.02 of the Listing Requirements of Bursa Securities and Practice 5.2 of the MCGG as half (50%) of the Board comprises Independent Directors. All the Independent Directors are satisfied with the independence test under the Listing Requirements of Bursa Securities.</p> <p>The presence of Independent Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remain objective and independent whilst assuring the interest of other parties, such as minority shareholders, are fully addressed and adequately protected as well as being accorded with due consideration.</p>	Name	Designation	Ng Keok Chai	Independent Non-Executive Chairman	Datuk Dr. Yacob Bin Mustafa	Non-Independent Non-Executive Deputy Chairman	Lester Chin Kent Lake	Executive Director	Wong Weng Yew	Executive Director	Yap Kien Ming	Independent Non-Executive Director	Leong Kam Soon	Independent Non-Executive Director	Dato' Kang Chez Chiang	Independent Non-Executive Director	Lim Poh Leng	Independent Non-Executive Director
Name	Designation																			
Ng Keok Chai	Independent Non-Executive Chairman																			
Datuk Dr. Yacob Bin Mustafa	Non-Independent Non-Executive Deputy Chairman																			
Lester Chin Kent Lake	Executive Director																			
Wong Weng Yew	Executive Director																			
Yap Kien Ming	Independent Non-Executive Director																			
Leong Kam Soon	Independent Non-Executive Director																			
Dato' Kang Chez Chiang	Independent Non-Executive Director																			
Lim Poh Leng	Independent Non-Executive Director																			
Explanation for departure	:																			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																				
Measure	:																			
Timeframe	:																			

Intended Outcome

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

Practice 5.3

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	:	There are no Independent Non-Executive Directors serving beyond cumulative term limit of nine (9) years on the Board of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 is of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximise the effectiveness of the Board.</p> <p>In any appointment, a number of aspects, including but not limited to diversity in skills, experience, age, cultural background and gender have been considered to maintain a diversified Board and Senior Management team, which will help to grow and contribute to better governance within the Group.</p> <p>The NC is responsible for leading the process for the nomination of new Board appointments and making the necessary recommendations to the Board. In this respect, the role of the NC is detailed in its Terms of Reference, which is accessible on the Company's website at https://www.hongseng.com.my.</p> <p>In making its recommendations to the Board, the NC considers and assesses the suitability of a new appointment based on objective criteria, including:</p> <ul style="list-style-type: none">• Character and integrity;• Experience and competency;• Time and commitment; and• Independence (for appointment of Independent Directors). <p>The Directors must not hold more than five (5) directorships in listed issuers to enable Directors to have sufficient time to focus and fulfil their roles and responsibilities effectively.</p> <p>Currently, our Board consists of one (1) female Director out of eight (8) Directors and the Directors are varied from different backgrounds and experiences.</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 primary responsibility of screening, evaluating and nominating new Board member(s) for the appointment is delegated to the NC.</p> <p>The members of the Board are to be appointed in a formal and transparent practice as endorsed by the MCCG. The NC will scrutinise the candidates and recommend the same for the Board's approval. In discharging this duty, the NC will assess the suitability of an individual by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate can bring to complement the Board.</p> <p>The NC is open to referrals from external sources available, such as industry acquaintances, contacts in related industries, consultants, etc to gain access to a wide pool of potential candidates besides tapping on the recommendations from existing Board members, Management or major shareholders. Shortlisted candidates would be required to furnish their curriculum vitae containing information on their academic/professional qualification, work experience, employment history and experience (if any) as directors of listed companies.</p> <p>The NC will perform an annual review of the required mix of skills and experience and other qualities including core competencies that Directors should bring to the Board and assess the effectiveness of the Board as a whole, as well as, look into succession planning, boardroom and gender diversity to ensure the effectiveness of the Board.</p> <p>The policies and procedures for the recruitment and appointment of Directors are guided by the TOR of the NC.</p> <p>During the FPE 2025, Datuk Dr Yacob, Mr. Wong Weng Yew, Ms. Lim Poh Leng and Mr. Ng ("the Newly Appointed Directors") were appointed to the Board on 22 September 2024, 30 September 2024 and 7 November 2025 respectively. The NC has not utilised independent sources to identify the new Directors appointed as the NC and the Board</p>

	is satisfied that the Newly Appointed Directors are suitable candidates after an assessment of their qualification, skills and expertise.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The performance of retiring Directors recommended for re-election at the 23rd AGM ("23rd AGM") has been assessed through the NC annual evaluation (including the independence of the Independent Director) and recommended to the Board for approval.</p> <p>The profiles of the Directors who were due for retirement and offered themselves for re-election, which included the nature of interest with the Company, whichever applicable, were set out in the AR 2025 of the Company.</p> <p>Whilst for the retiring Directors for the forthcoming Twenty-Fourth AGM ("24th AGM"), a statement by the Board and NC being satisfied with the performance and effectiveness of the retiring Directors who offered themselves for re-election at the forthcoming 24th AGM was provided in the notes accompanying the Notice of 24th AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the NC is Mr. Yap Kien Ming, an Independent Non-Executive Director of the Company. The details/profile of the NC Chairman is disclosed in the Profile of the Board of Directors of the Annual Report 2025.	
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 comprises eight (8) Directors and one (1) of them is a female Director, representing 12.50% female representation at the Board level.</p> <p>The Board recognises that this diversity acts as a source for fresh perspectives which ultimately benefits the overall deliberations taking place in the boardroom. Although the Company has not reached the 30% women representation target at the Board level, the Board decisions are made objectively in the best interests of the Group taking into account diverse perspectives and insights.</p> <p>The Board is of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximize the effectiveness of the Board.</p> <p>Women's representation on the Board and in Senior Management will be taken into consideration when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company's strategic objectives.</p> <p>The Board recognises the importance of diversity and inclusivity in its decision-making process, and thus, has identified the inclusion of more female Directors as a crucial long-term goal. To ensure the successful implementation of this objective, the Board will take incremental steps and establish practical measures within a reasonable timeframe.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has adopted a Gender Diversity Policy and Target, which provides a framework for the Company to improve its gender diversity at the Board and Senior Management levels. The Gender Diversity Policy is available on the Company's website at https://www.hongseng.com.my.</p> <p>The Company will continue to promote diversity in its widest possible sense and the Board and NC remain committed to ensuring that the Company's policies and practices support this approach with a view to harnessing the potential of its workforce and driving the success of the business.</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

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>					
Application	: Applied				
Explanation on application of the practice	: <p>The Company has in place a formal process for assessment of the effectiveness of the Board and the Board Committees as a whole and the contribution by each Director, including the independence of the Independent Non-Executive Directors to the effectiveness of the Board and Committees, making reference to the guides available and good corporate governance compliance.</p> <p>The assessment of the Board and Board Committees is performed on a Board review whilst the assessment of the individual Director is performed on a peer review basis. Each Director is provided with the assessment forms for their completion prior to the meeting. The results of all assessments and comments by the Directors are summarised and deliberated at the NC meeting and thereafter the NC Chairman will report the results and deliberation to the Board.</p> <p>The annual assessment criteria of the Board and Board Committees and individual Directors were updated to stay aligned with the best practices recommended under the MCCG. The areas covered in the aforesaid annual assessment criteria are as follows:-</p> <table border="1"> <thead> <tr> <th>Evaluation</th> <th>Assessment Criteria</th> </tr> </thead> <tbody> <tr> <td>Board and Board Committees as a whole</td> <td> <ul style="list-style-type: none"> • Role of the Chairman and ED • Board balance, size and composition • Board structure and procedures • Relationship of the Board to Management • Quality and supply of information to the Board/Board's Committees • Access to information and advice </td> </tr> </tbody> </table>	Evaluation	Assessment Criteria	Board and Board Committees as a whole	<ul style="list-style-type: none"> • Role of the Chairman and ED • Board balance, size and composition • Board structure and procedures • Relationship of the Board to Management • Quality and supply of information to the Board/Board's Committees • Access to information and advice
Evaluation	Assessment Criteria				
Board and Board Committees as a whole	<ul style="list-style-type: none"> • Role of the Chairman and ED • Board balance, size and composition • Board structure and procedures • Relationship of the Board to Management • Quality and supply of information to the Board/Board's Committees • Access to information and advice 				

		<ul style="list-style-type: none"> • Accountability for financial reporting, internal control and sustainability risk and opportunities • Relation with Auditors/Shareholders/ Investors • Use of Board Committees • Directors' training
	AC	<ul style="list-style-type: none"> • Composition and quality • Oversight of the financial reporting process, including internal controls • Understanding the business, including risk and control environment • Access to information and advice • Oversight of audit functions • Compliance with corporate governance • External Auditors • Staying abreast on issues • Report and recommendations
	Executive Directors	<ul style="list-style-type: none"> • Financial • Strategic and sustainability • Conformance and compliance • Business acumen/ increasing shareholders' wealth • Succession planning • Personal input to the role
	Non-Executive Director/ Chairman	<ul style="list-style-type: none"> • Attendance at Board and Board Committees' meetings • Adequate preparation for Board and/or Board Committees' meetings/Key responsibilities of the Chairman • Regular contribution to Board/Board Committee meetings • Personal input to the role
	<p>In respect of the annual performance evaluation for the FPE 2025, it was concluded that:-</p> <p>(a) the Board and Board Committees discharged their duties and responsibilities effectively; and</p> <p>(b) each Director continued to perform effectively and demonstrated commitment to his/her role.</p>	

	The Board is satisfied with the current evaluation process. The Board will continue to review the Board’s evaluation process as and when necessary to ensure it remains a valuable feedback mechanism for improving the Board’s effectiveness.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had through the RC, established a formal and transparent Remuneration Policy as a guide for the Board and the RC to determine the remuneration of Directors and/or Senior Management of the Company, which takes into account the demands, complexities and performance of the Company as well as skills and experience required. The Remuneration Policies and Procedures are available at the Company's website at https://www.hongseng.com.my.</p> <p>The Remuneration Policy provides that all Executive Directors and Senior Management are remunerated based on the Group and individual's performances, market conditions and responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience, level of responsibilities assumed in the Board Committees, their attendance and/or special skills and expertise they bring to the Board.</p> <p>Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
------------------	---	--	--

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The RC comprises the following members, all being Independent Non-Executive Directors: -</p> <ul style="list-style-type: none">• Mr. Yap Kien Ming, Chairman• Mr. Leong Kam Soon, Member• Ms. Lim Poh Leng, Member <p>The RC is principally responsible for the development and review of the remuneration policy and packages of Directors, where necessary, and subsequently tables their recommendations to the Board on specific adjustments in remuneration (including fees and benefits) to commensurate the contributions of the Directors.</p> <p>Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.</p> <p>The TOR of the RC is available on the Company's website at https://www.hongseng.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
------------------	---	--	--

Intended Outcome

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 detailed disclosure on a named basis for the remuneration of the individual Directors for the FPE 2025 is set out below and also in the Corporate Governance Overview Statement of the AR 2025.

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	Ng Keok Chai (Appointed on 7 November 2025)	Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Datuk Dr. Yacob Bin Mustafa (Appointed on September 2024)	Independent Director	130	-	-	-	-	-	130	130	-	-	-	-	-	130
3	Christopher Chan Hooi Guan (Resigned on 30 November 2024)	Executive Director	-	-	-	-	-	-	-	8	40	-	-	-	-	48
4	Lee Li Chain (Resigned on 30 September 2024)	Executive Director	-	-	-	-	-	-	-	-	5	186	-	-	24	215
5	Lester Chin Kent Lake	Executive Director	-	-	-	-	-	-	-	-	-	90	-	-	13	103
6	Wong Weng Yew (Appointed on 30 September 2024)	Executive Director	-	-	-	-	-	-	-	-	-	600	-	-	74	674
7	Leong Seng Wui (Resigned on 31 October 2025)	Executive Director	-	-	-	-	-	-	-	-	-	89	-	-	13	102
8	Yap Kien Ming	Independent Director	54	-	-	-	-	-	54	54	-	-	-	-	-	54
9	Leong Kam Soon	Independent Director	54	-	-	-	-	-	54	54	-	-	-	-	-	54
10	Dato' Kang Chez Chiang	Independent Director	54	-	-	-	-	-	54	54	-	-	-	-	-	54
11	Lim Poh Leng (Appointed on 30 September 2024)	Independent Director	36	-	-	-	-	-	36	36	-	-	-	-	-	36
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	:	Not applicable - all members of senior management are members of the board	
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	:		

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	Wong Weng Yew	Executive Director	600	-	-	-	74	674
2	Lester Chin Kent Lake	Executive Director	90	-	-	-	13	103
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>Chairman of the AC - Mr. Leong Kam Soon, Independent Non-Executive Director</p> <p>Chairman of the Board – Mr. Ng Keok Chai, Independent Non-Executive Chairman</p> <p>The positions of Board Chairman and AC Chairman are assumed by different individuals allowing the Board and the AC to objectively review their findings and recommendations.</p> <p>The Board will make efforts to ensure the new Chairman of the Board, who will be appointed soon, is distinct from the Chairman of the AC. This is also to ensure that the Board's review of the AC's findings and recommendations is not impaired.</p> <p>The TOR of the AC is available at the Company's website at https://www.hongseng.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group recognises the importance of the independence of its External Auditors and that no possible conflict of interest whatsoever should arise. Currently, AC comprises three (3) members and none of the members were former key audit partners of the external auditors appointed by the Company.</p> <p>The TOR of the AC requires a former partner of the external audit firm of the Company to observe a cooling-off period of at least (3) years before being appointed as a member of the AC.</p> <p>For the FPE 2025, none of the AC members were former audit partners of the Company.</p> <p>The TOR of the AC is available at the Company's website at https://www.hongseng.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had established the External Auditors Assessment Policy ("EA Assessment Policy & Procedures") together with an annual performance evaluation form. The EA Assessment Policy outlines the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of the External Auditors.</p> <p>The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.</p> <p>The AC had obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The AC had carried out an annual performance assessment of the External Auditors and requested the Executive Directors and the Finance team to join the assessment.</p> <p>The annual evaluation form provides a checklist for the AC to carry out a formal review of the independence, effectiveness and efficiency of the External Auditors of the Company that consider, among others, the following criteria:-</p> <ul style="list-style-type: none">• Adequacy of resources and experience of the audit firm;• Quality processes of the audit firm;• Competency of audit engagement team;• Audit governance and independence;• Audit fee, scope and planning; and• Audit communications. <p>The AC had, with relevant input from the Executive Directors assessed the performance of the External Auditors.</p> <p>The Board, upon the recommendation of the AC, had recommended the re-appointment of the External Auditors for the financial year ending 2026 for shareholders' approval at the forthcoming 24th AGM.</p>

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted								
Explanation on adoption of the practice	:	<p>The AC comprises three (3) members with all of them being Independent Non-Executive Directors. The composition of the AC is as follows:</p> <table border="1"><thead><tr><th><u>Name</u></th><th><u>Designation</u></th></tr></thead><tbody><tr><td>Mr. Leong Kam Soon <i>(Chairman)</i></td><td>Independent Non-Executive Director</td></tr><tr><td>Mr. Yap Kien Ming <i>(Member)</i></td><td>Independent Non-Executive Director</td></tr><tr><td>Dato' Kang Chez Chiang <i>(Member)</i></td><td>Independent Non-Executive Director</td></tr></tbody></table>	<u>Name</u>	<u>Designation</u>	Mr. Leong Kam Soon <i>(Chairman)</i>	Independent Non-Executive Director	Mr. Yap Kien Ming <i>(Member)</i>	Independent Non-Executive Director	Dato' Kang Chez Chiang <i>(Member)</i>	Independent Non-Executive Director
<u>Name</u>	<u>Designation</u>									
Mr. Leong Kam Soon <i>(Chairman)</i>	Independent Non-Executive Director									
Mr. Yap Kien Ming <i>(Member)</i>	Independent Non-Executive Director									
Dato' Kang Chez Chiang <i>(Member)</i>	Independent Non-Executive Director									

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>All members of the AC have the necessary skills and knowledge to discharge their duties in accordance with the Terms of Reference of AC. The AC Chairman and a majority of the AC members are financially literate and they are able to understand matters under the purview of the AC including the financial reporting process.</p> <p>They 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>During the FPE 2025, all members of the AC undertook continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details of their training are as set out in the Corporate Governance Overview Statement of the AR 2025.</p> <p>In addition, during the ARMC Meetings, the members were also briefed by the External Auditors on the following:</p> <ul style="list-style-type: none">(a) Financial Reporting developments;(b) Adoption of Malaysian Financial Reporting Standards; and(c) Other changes in regulatory environment.
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 acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets. The system of internal control covers not only financial controls but operational and compliance controls and risk management.</p> <p>The Board has delegated the responsibility of reviewing the adequacy and effectiveness of the risk management and internal control systems to the AC.</p> <p>Details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of the AR 2025.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility for reviewing the adequacy and integrity of the Group’s risk management and internal control systems; identifying the principal risks in the Group; and establishing an appropriate control environment and framework to manage risks.</p> <p>Key elements of the Group’s risk management and internal control systems have been established to facilitate the proper conduct of the Group’s businesses.</p> <p>The Board is committed to maintain a strong control structure to facilitate the achievement of the Group’s business objectives. Internal controls have been designed to provide reasonable assurance that the likelihood of significant adverse impact on business objectives arising from an event is at an acceptable level to the Group. It is also designed to manage and control risks appropriately, rather than eliminate the risk of failure to achieve business objectives. Due to the inherent limitations in all control systems, these control systems can only provide reasonable and not absolute assurance.</p> <p>The full features of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in the AR 2025.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had established the Internal Auditors Assessment Policy (“IA Assessment Policy”) together with an annual performance evaluation form. The IA Assessment Policy outlines the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of the Internal Auditors.</p> <p>The Internal Auditors are precluded from providing any services that may impair their independence or conflict with their role as Internal Auditors.</p> <p>The AC obtained assurance from the Internal Auditors confirming that they are, and have been, independent throughout the conduct of the internal audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The AC will carry out an annual performance assessment of the Internal Auditors. The annual evaluation form provides a checklist for the AC to carry out a formal review of the independence, effectiveness and efficiency of the Internal Auditors of the Company, among others, the following were some of the criteria reviewed by the AC:-</p> <ul style="list-style-type: none"> • Calibre of the internal audit firm; • Quality of the internal audit engagement team; • Quality of communication and interaction with the internal auditors; • Internal audit scope and quality processes; • Audit Governance and independence; and • Internal audit fee. <p>The internal audit functions and activities carried out during the FPE 2025 are as disclosed in the AC Report of the AR 2025.</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 function for the Group is conducted by a third-party service provider, OAC Consulting Sdn. Bhd. (“OAC”), which is led by a Senior Director, Mr. Leonard Lim Weng Leong along with other internal audit (“IA”) personnel, are free from any relationships with the Company or conflicts of interest. This will ensure that the internal audit function does not impair their objectivity and independence.</p> <p>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.</p> <p>The Senior Director of OAC is a Member of the National Institute of Accountants (MNIA) and a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA).</p> <p>The internal audit function is carried out in accordance with the International Professional Practices Framework set by the Institute of Internal Auditors to ensure that internal audit staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review.</p> <p>The AC was satisfied with the competency, experience, and resources of the internal audit function for discharging their roles and responsibilities.</p> <p>Further details of the internal audit activities are disclosed in the AC Report and Statement on Risk Management and Internal Control of the AR 2025.</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 Board recognises the importance of keeping stakeholders and the wider investment community informed of all material business matters affecting the Group. This is achieved through the timely dissemination of information on the Group's performance and key developments via multiple channels, including:-</p> <ul style="list-style-type: none">a) the Annual Report and relevant circulars, published on the Company's website and Bursa Securities' website;b) the convening of the Annual General Meeting ("AGM") and/or Extraordinary General Meeting;c) the release of various disclosures and announcements, including quarterly financial results; andd) press releases. <p>The Board is committed to adhering strictly to Bursa Securities' disclosure framework to ensure that investors and the public receive accurate, complete, and timely information, going beyond mere compliance with minimum regulatory requirements. Confidential information is managed by authorised personnel to prevent leakage or improper use, and any material information that is expected to have a significant impact on the Group is disclosed immediately.</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 order to encourage shareholders' participation and engagement with the Board and senior management effectively in the AGM, the Company sends the Notice of the AGM to its shareholders at least 28 days ahead of the meeting date. The notice of the 23rd AGM of the Company held on 29 August 2024 was sent to the shareholders on 31 July 2024.</p> <p>In addition, the Board also ensures that the Notice of AGM contains details of resolutions proposed along with background information and explanatory notes that are relevant. The explanation will assist the shareholders in making their decisions and exercising their voting rights.</p> <p>In line with Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in the notice of general meetings will be put to vote by poll. The Company also appoints an independent scrutineer to validate the votes cast in the general meetings. The outcome of the general meetings will then be announced to Bursa Securities on the same meeting day while the summary of key matters of the annual general meeting, if any, discussed during the said annual general meetings will be posted on the Company website.</p> <p>Moreover, the Notice of the 24th AGM of the Company scheduled to be held on 18 March 2026 was sent to the shareholders on 30 January 2026, which was also more than 28 days prior to the date of the 24th AGM.</p> <p>All notices of general meetings will be advertised in the newspapers, announced to Bursa Securities and made available on the Company's website at https://www.hongseng.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
------------------	---	--	--

Intended Outcome

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>All Directors, with the exception of Datuk Dr. Yacob (appointed on 2 September 2024), Mr. Wong Weng Yew, Ms. Lim Poh Leng (both appointed on 30 September 2024), and Mr. Ng (appointed on 7 November 2025), attended the 23rd AGM held on 29 August 2024. The Senior Management and External Auditors also attended the AGMs.</p> <p>During the proceedings of the 23rd AGM, the Chairman invited shareholders to raise questions pertaining to the Company's audited financial statements and other agenda items tabled for approval at the meetings. All questions raised by the shareholders were answered and addressed accordingly.</p> <p>All the Directors of the Company will always endeavour to attend all general meetings and the Chairman of the Board Committees will provide a meaningful response to questions addressed to them.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The 23 rd AGM was held physically at Ballroom V, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia. Where possible, the Company will make an effort to conduct its general meetings at a venue that is easily accessible for the convenience of the shareholders.	
	:	Alternatively, the shareholders who are unable to attend the physical general meetings, are encouraged to appoint the Chairman or any person(s), as their proxy(ies) to attend, participate, speak and vote at the meetings on their behalf.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Chairman ensures that the general meetings cater to an important opportunity for effective communication with, and constructive feedback from the shareholders.</p> <p>The Company facilitates and encourages shareholder participation at its 23rd AGM. The meetings provide an update for shareholders on its performance and offer an opportunity for shareholders to ask questions and vote. The Chairman and/or the Executive Directors read out and answered the relevant questions received during the meeting.</p> <p>All the Directors, Senior Management and External Auditors also attended the 23rd AGM to respond to questions posted by shareholders.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.5

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

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

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: The minutes of the 23 rd AGM were not circulated to the shareholders.
	However, the Summary of Key Matters Discussed at the 23 rd AGM is made available to the shareholders on the Company's website at https://www.hongseng.com.my .
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	: Choose an item.

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

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

Click or tap here to enter text.

