

# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 0362  
**COMPANY NAME** : ASM Automation Group Berhad  
**FINANCIAL YEAR** : March 31, 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("<b>Board</b>") of ASM Automation Group Berhad ("<b>ASM</b>" and "<b>Company</b>") is responsible for ensuring the long-term success of the Company and its subsidiaries ("<b>Group</b>") while driving sustainable value for stakeholders. The Board is committed to providing effective leadership and oversight of management, and acting in the best interests of the Company to achieve the following objectives and goals:</p> <p style="text-align: center;"><b>VISION</b></p> <p>To be a leading innovator and trusted partner in providing sustainable and advanced food processing and packaging solutions, enabling our customers to excel in quality, efficiency, and productivity.</p> <p style="text-align: center;"><b>MISSION</b></p> <p style="text-align: center;"><u>Empowering Excellence</u></p> <p>Deliver high-performance food machinery and automation solutions tailored to our clients' evolving needs.</p> <p style="text-align: center;"><u>Innovating Sustainably</u></p> <p>Develop cutting-edge technologies that optimise resources, reduce waste, and promote eco-friendly practices.</p> <p style="text-align: center;"><u>Customer-Centric Approach</u></p> <p>Build enduring relationships through responsive service, quality assurance, and comprehensive support.</p> <p style="text-align: center;"><u>Fostering Talent</u></p> <p>Cultivate a skilled, motivated, and innovative team dedicated to exceeding industry standards.</p>

	<p><b>Corporate Values</b></p> <ul style="list-style-type: none"> <li>➤ Customer Success</li> <li>➤ Innovation with Purpose</li> <li>➤ Excellence in Quality</li> <li>➤ Integrity and Accountability</li> <li>➤ Team Collaboration</li> <li>➤ Continuous Improvement</li> </ul> <p>Guided by the Board Charter, the Board holds ultimate accountability and responsibility for the Company's stewardship, including but not limited to:</p> <ul style="list-style-type: none"> <li>(i) Providing leadership and oversight of the overall conduct of the Group's business, including supervising and assessing the management's performance to ensure the business is being properly managed;</li> <li>(ii) Reviewing and adopting a strategic plan for the Group that supports long-term value creation which includes economic, environmental, social and governance ("<b>EESG</b>") considerations underpinning sustainability of the Group;</li> <li>(iii) Reviewing the adequacy and effectiveness of risk management, legal and compliance management and internal control systems and framework to safeguard the Group's reputation, employees and assets;</li> <li>(iv) Establishing and maintaining effective Board Committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the Malaysian Code on Corporate Governance ("<b>MCCG</b>");</li> <li>(v) Ensuring the integrity of the Group's financial and non-financial reporting; and</li> <li>(vi) Fostering and maintaining a strong ethical culture and standards within an organisation including combating corruption, bribery and money laundering practices.</li> </ul> <p>To effectively discharge its responsibilities, the Board comprises members with a diverse range of skills, expertise and experience across various industries and business sectors, providing valuable insights to support the Company's long-term goals.</p> <p>Further, the Board delegates its review function to the following Board Committees, with each Board Committees' Chairperson reporting its proceedings, findings and recommendations to the Board on matters requiring the Board's attention and approval at Board meetings:</p>
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	<p>i) <u>Audit and Risk Management Committee (“ARMC”)</u> The ARMC supports the Board in overseeing financial reporting, audit processes and risk management, including:</p> <ul style="list-style-type: none"> <li>(i) ensuring the integrity of the Group’s financial reporting;</li> <li>(ii) monitoring compliance with legal and regulatory requirements;</li> <li>(iii) evaluating the effectiveness of the Group’s enterprise risk management and internal control framework; and</li> <li>(iv) overseeing the independence and performance of both external and internal auditors.</li> </ul> <p>ii) <u>Nomination Committee (“NC”)</u> The NC assists the Board in matters relating to Board composition and governance, including:</p> <ul style="list-style-type: none"> <li>(i) overseeing Board appointments, re-election processes and performance evaluations;</li> <li>(ii) promoting diversity and inclusion within the Board and Key Senior Management;</li> <li>(iii) facilitating induction programmes and continuing professional development for Directors;</li> <li>(iv) reviewing the composition and membership of Board Committees; and</li> <li>(v) succession planning of Executive Directors and Key Senior Management.</li> </ul> <p>iii) <u>Remuneration Committee (“RC”)</u> The RC is tasked with overseeing the Company’s remuneration policies and practices, including:</p> <ul style="list-style-type: none"> <li>(i) establishing a fair and competitive remuneration framework for Directors;</li> <li>(ii) reviewing and recommending the remuneration and incentive framework, including equity-based incentive schemes, for the Managing Director, Executive Directors and Key Senior Management; and</li> <li>(iii) providing input on strategic human resources policies related to compensation.</li> </ul> <p>The Board Charter and detailed Terms of Reference for each Board Committees outlining their roles and responsibilities are available on the Company’s website at <a href="http://www.arrowsystemsonline.com/corporate-governance-policies/">www.arrowsystemsonline.com/corporate-governance-policies/</a>.</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>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Our Independent Non-Executive Chairperson, Tengku Faizwa Binti Tengku Razif ("<b>Tengku Faizwa</b>"), provides overall leadership to the Board, ensuring it operates effectively in fulfilling its responsibilities. She is responsible for promoting sound corporate governance practices, providing leadership to the Board and overseeing the overall Board effectiveness. She also plays an active role in facilitating Board meetings by encouraging active participation of all Directors and ensuring that all agenda items are thoroughly deliberated.</p> <p>Her primary responsibilities include:</p> <ul style="list-style-type: none"><li>(i) leading the Board to ensure the Board as a whole and each Director discharge their duties and responsibilities effectively;</li><li>(ii) ensuring Board effectiveness and promoting the highest standards of integrity, morality and corporate governance throughout the Group;</li><li>(iii) setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;</li><li>(iv) leading Board meetings and discussions and acting as a facilitator at Board and ensuring appropriate level of interaction among Board members;</li><li>(v) encouraging active participation and allowing dissenting views to be freely expressed;</li><li>(vi) promoting constructive and respectful relations between Directors and Senior Management;</li><li>(vii) facilitating the effective contribution of all Directors;</li><li>(viii) ensuring effective communication with stakeholders and conveying their views to the Board; and</li><li>(ix) presiding over the Board and general meetings of the Company.</li></ul> <p>The roles and responsibilities of the Chairperson are outlined in the Board Charter, which is available on the Company's website at <a href="http://www.arrowsystemsonline.com/corporate-governance-policies/">www.arrowsystemsonline.com/corporate-governance-policies/</a>.</p> <p>These responsibilities reinforce the Chairperson's role in providing effective Board leadership, ensuring sound corporate governance and maintaining the Board's effectiveness.</p>
<b>Explanation for departure</b>	:	

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<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>In ASM, the positions of the Board Chairperson and Managing Director are held by two (2) different individuals to ensure a balance of power and authority to promote the Board's impartial oversight over management and accountability.</p> <p>Tengku Faizwa, our Independent Non-Executive Chairperson, assumes the role of stewardship of the Board and is responsible for overseeing the overall effectiveness of the Board and promoting sound corporate governance practices amongst its Board members, providing leadership and enhancing the effectiveness of the Board.</p> <p>Whereas, Mr. Chan Kok Heng, our Managing Director, is primarily responsible for the effective implementation of the Group's strategic plan and policies approved by the Board as well as managing the daily conduct of business.</p> <p>The clear division of roles between the Board Chairperson and Managing Director is detailed in the Board Charter, which is available on the Company's website at <a href="http://www.arrowsystemsonline.com/corporate-governance-policies/">www.arrowsystemsonline.com/corporate-governance-policies/</a>.</p>	
<b>Explanation for departure</b>	:		
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<b>Measure</b>	:		
<b>Timeframe</b>	:		



### 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>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Chairperson, Tengku Faizwa, does not serve as a member of any Board Committees in ASM and does not participate in their meetings. This deliberate exclusion prevents potential conflicts of interest and the risk of self-review, thereby safeguarding the Board Chairperson's impartiality.</p> <p>This approach allows the Board Chairperson to maintain a neutral and objective perspective when reviewing the observations, recommendations and reports presented by the Board Committees. It further enhances the integrity of the Board's decision-making process, enabling the Board Chairperson to provide impartial leadership while upholding the principles of good corporate governance.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by two (2) qualified and competent Company Secretaries, both of whom are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and qualified under Section 235(2) of the Companies Act 2016.</p> <p>The Company Secretaries assist the Board in discharging its duties by providing guidance on corporate governance matters, company administration and meeting procedures, thereby ensuring compliance with the applicable laws and regulations while upholding high standards of corporate governance. All Directors have unrestricted access to the advice and support of the Company Secretaries.</p> <p>During the financial year ended 31 March 2025 ("FYE 2025"), the Company Secretaries effectively discharged their duties, including:</p> <ul style="list-style-type: none"><li>(i) ensuring adherence to Board procedures and corporate governance practices;</li><li>(ii) managing logistics, attending and recording minutes for Board and Board Committee meetings;</li><li>(iii) advising the Board and Board Committees on their roles, responsibilities, corporate disclosures and regulatory compliance;</li><li>(iv) monitoring corporate governance developments and assisting the Board in adopting good corporate governance practices to meet the Board's needs and stakeholders' expectations; and</li><li>(v) performing other functions as directed by the Board.</li></ul> <p>Further, the Company Secretaries have actively participated in professional development programmes and training sessions to ensure they remain current with the latest regulatory changes, corporate governance developments, best practices and industry trends.</p> <p>The Board is satisfied with the performance, competency and level of support given by the Company Secretaries to the Board in discharging its functions.</p>
<b>Explanation for departure</b>	:	

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All Board and Board Committees' meetings of ASM are scheduled in advance, allowing Directors ample time to plan and ensure their availability. To facilitate this, an annual meeting calendar including the schedule for Board and Board Committees' meetings as well as the forthcoming First Annual General Meeting ("<b>AGM</b>"), is prepared and distributed to Directors before the beginning of each calendar year.</p> <p>The Company Secretaries, in consultation with the Chairpersons of the Board and Board Committees, assist in planning and formulating the agendas for these meetings. Additional agenda items may be included as needed at the request of the Chairperson, the Board or management. To support efficient and timely decision-making, meeting notices, agendas, minutes of previous meeting and meeting papers pertaining to relevant proposals are circulated to the members of the Board and Board Committees at least five (5) business days before each meeting, except in emergencies. This ensures that Directors have sufficient time to review meeting materials, seek further clarification from management if necessary, and engage in meaningful deliberation during meetings.</p> <p>In addition, to uphold the highest standards of integrity, objectivity and independence, all Board and Board Committees' meetings are conducted separately. The meetings are scheduled with appropriate time intervals on the same day to ensure discussions are neither rushed nor unduly prolonged. This structured approach enables Directors to focus effectively on each meeting's agenda while maintaining a seamless flow of deliberations across sessions.</p> <p>All Directors have full and unrestricted access to information regarding the Group's business and affairs, as well as to the professional advice and services of the Company Secretaries, internal auditors and external auditors. This access is available to them either in their individual capacity or as a full Board, at the Company's expense, to support informed decision-making. Additionally, the Board may at its discretion, invite senior management or external parties to Board meetings when necessary to facilitate discussions and ensure the effective discharge of responsibilities.</p>

	<p>The Company Secretaries document all matters raised, discussions, deliberations, decisions and conclusions made during the Board and Board Committees' meetings. These records are reviewed by the Board or Board Committees in a timely manner for completeness and accuracy, with confirmation at the next meeting to ensure a reliable record of proceedings. Signed minutes and resolutions are securely maintained at the Company's registered address as an official record.</p> <p>While circular resolutions serve as a practical tool for addressing administrative matters that do not require in-depth discussion, they should not replace Board meetings for complex decisions that demand rigorous deliberation. The Board exercises discretion in their use, ensuring that substantive issues are addressed through formal discussions rather than circular resolutions.</p>	
<b>Explanation for departure</b>	:	
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<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established and adopted a comprehensive Board Charter that serves as a primary reference and literature that guides the governance and conduct of the Board. The Board Charter clearly defines the functions of the Board and its Board Committees, the delegation of management functions, the annual assessment of Board performance and matters reserved for the Board's approval.</p> <p>The Board Charter covers the following core areas:</p> <ul style="list-style-type: none"> <li>(a) Board structure, includes board composition, nomination, appointment and/or re-election of Directors, tenure of Directors;</li> <li>(b) Responsibilities and duties of the Board, Board Chairperson, Managing Director/Chief Executive Officer, Executive Director, Non-Executive Director and Independent Director;</li> <li>(c) Board Committees;</li> <li>(d) Board meetings;</li> <li>(e) Directors' remuneration;</li> <li>(f) Board assessment and evaluation;</li> <li>(g) Succession planning;</li> <li>(h) Induction and continuing development;</li> <li>(i) Access to information, Independent professional advice, confidentiality and disclosure of interest;</li> <li>(j) Dealings in securities;</li> <li>(k) Corporate policies and procedures;</li> <li>(l) Company secretary</li> <li>(m) External Auditors; and</li> <li>(n) Investor relations and shareholders communication.</li> </ul> <p>The Board reserves its consideration and approval for the following matters, among others:</p> <ul style="list-style-type: none"> <li>(i) Strategic issues, planning and sustainability;</li> <li>(ii) Budget and performance reviews;</li> <li>(iii) Quarterly financial results and audited financial statements;</li> <li>(iv) Capital expenditures;</li> </ul>

	<p>(v) Material borrowings;</p> <p>(vi) Treasury policies;</p> <p>(vii) Dividend policy or declaration of dividends including solvency tests;</p> <p>(viii) Material acquisitions and disposals of undertakings and properties;</p> <p>(ix) Key human resources issues; and</p> <p>(x) Changes relating to the share capital.</p> <p>The Board Charter will be reviewed by the Board periodically and as needed to ensure it alignment with the Board's objectives, the latest applicable laws and practices, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("<b>Bursa Securities</b>") ("<b>AMLR</b>") and the best practices of the MCGG.</p> <p>The Board Charter is available on the Company's website at <a href="http://www.arrowsystemsonline.com/corporate-governance-policies/">www.arrowsystemsonline.com/corporate-governance-policies/</a>.</p>	
<b>Explanation for departure</b>	:	
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<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to create an ethical corporate culture and values within the Group by implementing appropriate internal systems to support, promote and ensure ethical compliance.</p> <p>To uphold fairness, impartially and strict adherence to legal and regulatory requirements in the Group's business operations, the Board has established the Code of Conduct and Ethics ("<b>the Code</b>"), outlining the fundamental principles and standards that employees and Directors are expected to follow while fulfilling their responsibilities within the Group.</p> <p>The Board is also committed to upholding zero-tolerance stance on bribery and corruption in the Group's business. Accordingly, the Company has established an Anti-Bribery and Corruption Policy ("<b>ABC Policy</b>") in accordance with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. This ABC Policy serves as a guide by outlining the principles and methods for addressing bribery and corruption related activities and issues when they arise.</p> <p>Both the Code and ABC Policy will be reviewed periodically and as needed. These documents are available on the Company's website at <a href="http://www.arrowsystemsonline.com/corporate-governance-policies/">www.arrowsystemsonline.com/corporate-governance-policies/</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	



<b>Timeframe</b>	:		
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### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established and adopted a Whistleblowing Policy to support the Code and the ABC Policy by providing an avenue for employees of the Group and members of the public to raise genuine concerns about any wrongdoing or improper conduct involving the Group. The Board believes that implementing a Whistleblowing Policy strengthens and supports good management while demonstrating accountability, effective risk management and sound corporate governance practices.</p> <p>The Whistleblowing Policy provides guidance on improper conducts, actions or behaviours that violate corporate policies, enabling whistleblower to exercise their judgement. The identity of whistleblower is kept confidential and protection is granted against any form of reprisal or retribution, provided that reports are made in good faith. However, if a whistleblower's report found to be false, dishonest, mischievous or malicious, the Company reserves the right to revoke such protection.</p> <p>If any employee or stakeholder reasonably and in good faith believes that malpractice exists within the Group, they are advised to report it immediately through the following secure channels:</p> <p>(i) <b><u>Via Post:</u></b> Send the completed Whistleblowing Report Form via a sealed envelope clearly marked "<b>Strictly Private &amp; Confidential</b>" to the following address:</p> <p><b>ASM Automation Group Berhad</b> No. 1, Persiaran Perindustrian Pengkalan 15, Kawasan Perindustrian Pengkalan, 31500 Lahat, Perak.</p> <p><b><u>Attention: Chairman of Audit and Risk Management Committee</u></b></p> <p>; or</p>

	<p>(ii) <b>Via Email</b>  E-mail the completed Whistleblowing Report Form to ARMC Chairperson at <a href="mailto:whistleblowing@arrowssystemsonline.com">whistleblowing@arrowssystemsonline.com</a>.</p> <p>The Whistleblowing Policy will be reviewed periodically and as needed. This policy is available on the Company's website at <a href="http://www.arrowssystemsonline.com/corporate-governance-policies/">www.arrowssystemsonline.com/corporate-governance-policies/</a>.</p> <p>During FYE 2025, the Board is pleased to report that the Group has not received any whistleblower reports concerning breaches of the Company's policies or applicable laws.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, together with the Management, is responsible for the governance of sustainability, ensuring that sustainability strategies, priorities and targets are effectively integrated into business operations. The Board ensures that sustainability considerations, including EESG factors, are embedded in the Company's corporate strategy, governance and decision-making processes.</p> <p>To reinforce this commitment, the Company has established a sustainability framework that defines clear roles and responsibilities at different levels:</p> <ul style="list-style-type: none"><li>• <b>The Board</b> holds ultimate responsibility for overseeing sustainability management and performance, determining the Company's strategic direction in sustainability management, and ensuring that adequate resources are allocated for the implementation of sustainability strategies and initiatives.</li><li>• <b>The ARMC</b> supports the Board by ensuring that key decisions on sustainability matters align with the Group's overall business strategies and objectives. It also monitors and reviews the progress of sustainability progress and reports to the Board periodically.</li><li>• <b>The Sustainability Working Committee ("SWC")</b>, comprising several heads of departments, plays an operational role in implementing sustainability strategies, assessing material sustainability matters, integrating sustainability initiatives into daily operations, and tracking key performance indicators to achieve sustainability objectives. The SWC reports material sustainability matters and progress to the ARMC periodically.</li></ul>

	<p>Material matters assessment is conducted to identify and prioritise the sustainability issues of the Group and will be carried out annually to assess the relevancy of the identified material matters and to uncover any potential new material matters. In its first material matters assessment, the Company has identified twelve (12) material sustainability matters for FYE 2025.</p> <p>The Group's sustainability strategies and performance in addressing the material risks and opportunities are illustrated in the Sustainability Statement in the Company's Annual Report 2025.</p>	
<b>Explanation for departure</b>	:	
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<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to integrating best sustainability practices across the Group's business, focusing on EESG aspects. The Company's sustainability initiatives, targets and performance are communicated through the Sustainability Statement in the Annual Report, which serves as key channels for engaging with stakeholders. The report and relevant disclosures are made available on the Company's website and Bursa Securities' website, ensuring accessibility to shareholders and the broader stakeholder community. Additionally, this information is shared with employees through internal communication channels.</p> <p>The Board recognises that stakeholder engagement in materiality assessment goes beyond informing stakeholders about what matters to the Company but it actively involves them in the process. This engagement helps the Company identify, assess and prioritise sustainability strategies and targets based on stakeholder expectations. During the FYE 2025, the Company has identified seven (7) key stakeholder categories and engaged them through various approaches to understand their concerns. These interactions provide valuable insights, enabling the Board to better understand stakeholders' needs and expectations, thereby facilitating a more informed strategic planning process.</p> <p>Further details on stakeholders' engagement, materiality assessment and sustainability strategies, targets and its performance are presented in the Sustainability Statement of the Company's Annual Report 2025.</p>
<b>Explanation for departure</b>	:	
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<b>Measure</b>	:	
<b>Timeframe</b>	:	



### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of equipping its Directors with a sufficient understanding of sustainability issues relevant to the Group, enabling them to effectively oversee EESG matters, including climate-related risks and opportunities.</p> <p>The Board, assisted by the NC, reviews the training programmes attended by the Directors during the financial year and identifies relevant programmes to enhance their skills and knowledge. The NC has recommended to the Directors of several trending knowledge focus areas, including risk management, sustainability and EESG, corporate governance, economic and finance, leadership, digital initiatives, workforce and talent management, climate change and artificial intelligence (AI).</p> <p>As of 31 March 2025, two (2) Directors have completed their Mandatory Accreditation Programme Part II: Leading for Impact.</p> <p>Other than attending formal training programmes, the SWC plays an active role in keeping the Board informed of sustainability issues, emerging trends and regulatory requirements relevant to the Group's business and operations. This includes providing regular updates, conducting briefings and facilitating discussions to ensure the Board remains well-equipped to oversee sustainability matters effectively.</p> <p>The Board will continue to take appropriate actions to ensure they stay abreast with and understand the sustainability issues relevant to the Group and its business.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	



<b>Timeframe</b>	:		
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### Intended Outcome

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

### Practice 4.4

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As part of its sustainability initiatives, the Board, through the NC, has included in its annual assessment to assess the effectiveness of the Board and senior management in identifying, managing and monitoring Environmental, Social and Governance (“ESG”) issues or Sustainability.</p> <p>Based on the outcome of the Board evaluation relating to ESG or Sustainability conducted for FYE 2025, the Board is of the opinion that the overall performance of the Board and senior management is above average while noting the following areas of improvement:</p> <ul style="list-style-type: none"><li>(a) To promote greater understanding of the Company's sustainability issues relevant to the Company and its operations, including climate-related risks and opportunities, through the relevant training and development programmes.</li><li>(b) To undertake a comprehensive review of the Company's sustainability strategies, priorities, and targets to ensure alignment with its long-term objectives and stakeholder expectations.</li><li>(c) The Company currently does not have a dedicated Chief Sustainability Officer (“CSO”) or a designated high-level executive to oversee the Company's sustainability strategies and initiatives. The Board may consider appointing or designating a CSO or Head of Sustainability with clear responsibility for formulating, executing, and monitoring the Company's sustainability agenda.</li></ul> <p>To ensure continuity in strengthening sustainability governance, the SWC will continue to monitor and oversee sustainability related initiatives, ensuring effective implementation and alignment with the Company's strategic objectives. In parallel, the NC will identify and recommend ESG-related training programmes for Directors, supporting their ongoing development and informed decision-making.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC is responsible for annually reviewing the overall structure, size and composition of the Board and its Board Committees. This includes assessing the tenure of each Director, the required mix of skills, experience, diversity, core competencies and independence. The NC ensures that the Board maintains an appropriate balance to function effectively, aligning with the Company's needs to support business growth while safeguarding the interests of shareholders and other stakeholders.</p> <p>By conducting the annual performance evaluation, the NC gains insights into the Board's needs, including the necessity for new skills and perspectives, identifying competency gaps, assessing diversity requirements, evaluating tenure length and ensuring each Director's commitment aligns with the Company's strategic direction. The Board, through the NC, has reviewed and expressed satisfaction with current Board mix and composition for the FYE 2025.</p> <p>As guided by the Directors' Fit and Proper Policy adopted by the Company, the NC evaluates the retiring Directors who are seeking for re-election based on prescribed criteria, including character, integrity, experience, competence and time commitment. The said policy is available on the Company's website at <a href="http://www.arrowsystemsonline.com/corporate-governance-policies/">www.arrowsystemsonline.com/corporate-governance-policies/</a>.</p> <p>In accordance with Clause 103 of the Company's Constitution, all the Directors shall retire from office at the first annual general meeting of the Company and shall be eligible for re-election. Having evaluated and being satisfied with the overall performance and contributions of the following retiring Directors due for retirement at the forthcoming First AGM, the Board, upon recommended by the NC, resolved to propose their re-election in accordance with Clause 103 of the Company's Constitution:</p> <ul style="list-style-type: none"><li>(i) Tengku Faizwa</li><li>(ii) Chan Kok Heng</li><li>(iii) Leong Weng Khin</li><li>(iv) Kamalam A/P Kurup Krishnan</li><li>(v) Dato' Ts. Dr. Thian Boon Chung</li></ul>

	(vi) Woo Ah Kek (vii) Jolene Lai Ooi Yoke	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Currently, the Board consists of seven (7) Board members, of which four (4) of them are Independent Non-Executive Directors (“INED”) including the Board Chairperson.</p> <p>The current Board composition complies with Rule 15.02 of the AMLR, which requires at least one-third (1/3) of the Board to be independent. This composition promotes objective and independent deliberation, review and decision-making at the Board level.</p> <p>The presence of the INEDs supports an objective and independent decision-making process in the boardroom, thereby better safeguarding the interests of shareholders and other stakeholders while ensuring that high standards of conduct and integrity are upheld.</p> <p>The NC conducts an annual review of the independence of INEDs based on the criteria outlined in the AMLR and its Guidance Note. This assessment ensures that they remain independent, exercise objective judgement and act in the best interests of the Company, the Group, shareholders and other stakeholders. The evaluation also helps identify any potential conflicts of interest that could compromise their independence and decision-making.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>As of the date of this report, all INEDs of the Company have served on the Board for less than a year and hence, none of the INEDs has exceeded the nine (9)-year tenure limit.</p> <p>Guided by its Board Charter and the NC’s Terms of Reference, the tenure of an INED shall not exceed a cumulative term of nine (9) years. Upon reaching the nine (9) year limit, an INED may continue to serve on the Board only if re-designated as a Non-Independent Director, subject to the Board’s approval.</p> <p>Alternatively, if the Board intends to retain such Director as an INED, it must provide justifiable rationale and seek shareholders’ approval through a two-tier voting process at AGM. Prior to this, it is the NC’s responsibility to evaluate and recommend to the Board the continuance of the INED who has served on the Board beyond the tenure limit.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



## 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.*

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company embraces diversity not only at the Board level but also across its operations, recognising it as a fundamental aspect of good governance that contributes to an effective organisation and the Group's sustainable growth. In line with this commitment, the Group ensures that recruitment and selection practices at all levels are structured to consider a diverse pool of candidates, fostering gender diversity and broader inclusion throughout the organisation.</p> <p>As outlined in the NC's Terms of Reference, the NC is responsible for evaluating and recommending potential candidates to the Board in the event of vacancies. In carrying out this responsibility, the NC adheres to the Directors' Fit and Proper Policy and Gender Diversity Policy concerning the appointment and re-appointment of Directors.</p> <p>The Directors' Fit and Proper Policy outlines key criteria, including:</p> <ul style="list-style-type: none"><li>• Character and integrity including probity, personal integrity, financial soundness and solvency and good reputation;</li><li>• Experience and competence including qualifications, trainings, skills, relevant experience and expertise and past performance or track record; and</li><li>• Time and commitment including ability to discharge role having regard to other commitments and participation and contribution in the Board.</li></ul> <p>Both Directors' Fit and Proper Policy and Gender Diversity Policy are available on the Company's website at <a href="http://www.arrowsystemsonline.com/corporate-governance-policies/">www.arrowsystemsonline.com/corporate-governance-policies/</a>.</p> <p>The NC, with the support of the Companies Secretaries, conducted an annual performance evaluation for the FYE 2025 to assess the performance, skills and experience of the Board and its Board Committees, as well as the commitment, competencies, and contributions of each individual Director. Based on the assessment results, the Board, through the NC, is satisfied that the composition of</p>

	<p>the Board and its Board Committees is appropriately structured, with members possessing diverse backgrounds and experiences across various fields. Collectively, the Directors contribute a broad range of skills, experience and knowledge in managing the Group's businesses effectively.</p> <p>Additionally, the Board acknowledges the strong time commitment demonstrated by all Directors during the FYE 2025, as reflected in their full attendance at Board meetings. The Board is confident that all Directors have dedicated sufficient time and effort to fulfilling their responsibilities to the Company.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC is responsible for overseeing the screening and recruitment process for new Directors. As part of a formal and transparent selection process, the NC evaluates the suitability and qualifications of potential candidates before making recommendations to the Board for appointment.</p> <p>In carrying out this responsibility, the NC assesses candidates based on their individual merits, taking into account a diverse mix of skills, functional expertise, industry knowledge, leadership experience, integrity, character and any other relevant attributes that could enhance and complement the Board's composition. This assessment is conducted with reference to the Directors' Fit and Proper Policy and the Gender Diversity Policy to ensure alignment with the Company's governance framework and strategic objectives.</p> <p>No new Director appointments were made during the FYE 2025 and up to the date of this report. Nevertheless, the NC does not confine itself solely to recommendations from the existing Board members, Management or major shareholders when identifying candidates for appointment of Directors. Instead, the NC will utilise variety of approaches and sources, to ensure that the most suitable candidates are identified, including but not limited to the sourcing from a directors' registry, open advertisements, engagement of independent search firms, and to obtain independent professional advice or other advice.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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	:	A statement by the Board to support the re-election of the retiring Directors is set out in the Notice of the First AGM for shareholders’ perusal and consideration. Additionally, the profiles of the Directors standing for re-election are included in the Company’s Annual Report 2025 to facilitate informed decision-making by shareholders.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 5.8

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

<b>Application</b>	:	Applied														
<b>Explanation on application of the practice</b>	:	<p>The NC is chaired by Ms. Jolene Lai Ooi Yoke, an INED of the Company.</p> <p>In accordance with the NC's Terms of Reference, the NC shall consist of at least three (3) members, all of whom must be Non-Executive Directors, with the majority being independent.</p> <p>As of 31 March 2025, the NC comprises exclusively INEDs as shown below:</p> <table border="1"><thead><tr><th>Designation</th><th>Director</th><th>Directorship</th></tr></thead><tbody><tr><td>Chairperson</td><td>Jolene Lai Ooi Yoke</td><td>INED</td></tr><tr><td>Member</td><td>Dato' Ts. Dr. Thian Boon Chung</td><td>INED</td></tr><tr><td>Member</td><td>Woo Ah Kek</td><td>INED</td></tr></tbody></table>			Designation	Director	Directorship	Chairperson	Jolene Lai Ooi Yoke	INED	Member	Dato' Ts. Dr. Thian Boon Chung	INED	Member	Woo Ah Kek	INED
Designation	Director	Directorship														
Chairperson	Jolene Lai Ooi Yoke	INED														
Member	Dato' Ts. Dr. Thian Boon Chung	INED														
Member	Woo Ah Kek	INED														
<b>Explanation for departure</b>	:															
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																
<b>Measure</b>	:															
<b>Timeframe</b>	:															

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As guided by its Gender Diversity Policy, the Company is committed to fostering diversity at both the Board and Senior Management levels, encompassing professional and business experiences, skills, knowledge, gender, age, ethnicity and cultural background. The policy sets a target of achieving at least 30% representation of women in both Board and Senior Management levels.</p> <p>As of 31 March 2025, the Board has three (3) women Directors out of total seven (7) Board members, representing 42.86% of its total members, exceeding the 30% benchmark recommended by the best practices of the MCCG.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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 Board Diversity Policy to promote greater participation of women at both the Board and Senior Management levels, with a target of achieving at least 30% representation in both areas.</p> <p>The current Board has successfully achieved 42.86% representation of women Directors, exceeding the recommended minimum of 30% female Directors as advised by the MCCG.</p> <p>Beyond gender diversity, the Board embraces a broader spectrum of diversity, including professional background, industry experience and competencies. By fostering an inclusive leadership approach, the Company promotes innovation, enhances decision-making and ensures equitable opportunities at all levels.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

## Intended Outcome

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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board, through the NC, conducted an annual assessment to evaluate the effectiveness of the Board as whole, Board Committees and each individual Director in relation to their performance during the FYE 2025.</p> <p>The NC, with the support of the Company Secretaries, facilitated the performance evaluation process. This was conducted digitally through a secured online assessment platform, where each Director received a unique link to ensure confidentiality in submission. The evaluation criteria were aligned and adopted in accordance with the recommendations of the Corporate Governance Guide issued by Bursa Securities. The Board considers the current internally conducted evaluation framework to be effective and therefore, no independent expert was engaged for this assessment.</p> <p>The Company Secretaries compiled and tabulated the assessment results for review and discussion during the NC meeting. Subsequently, the NC Chairperson briefed the Board on findings for discussion.</p> <p>The summary of the following assessment results for the FYE 2025 are as follows:</p> <p><b>1. <u>Effectiveness of the Board as a whole and the Board Committees</u></b></p> <p>Overall, the performance of the Board and its Board Committees is above average, demonstrating a strong blend of skills, knowledge and experience in optimizing the Company's strategy and performance and having the right composition in compliance with AMLR and MCCG.</p>

	<p>Since the Company only listed on 2 July 2025, the areas for improvement for the Board and Board Committees are the Board's oversight of the Company's strategic direction and performance management, understanding of the Company's EESG risks and lack of key performance indicators for the Executive Directors and senior management of the Company.</p> <p><b>2. <u>Effectiveness of Each Board Committee</u></b></p> <p>All ARMC, NC and RC have the right composition in compliance with AMLR and aligned with the best practices recommended by MCCG.</p> <p>In view of the Company's recent listing on 2 July 2025, all Board Committees have not conducted a full review of their responsibilities. Nevertheless, they are committed to fully discharging their duties and responsibilities in the financial year ending 31 March 2026.</p> <p><b>3. <u>Individual Director Self and Peer Performance Evaluation</u></b></p> <p>The overall performance of all individual Directors, based on self and peer evaluations, is above average.</p> <p>All Directors have demonstrated strong commitment through high attendance and active participation in Board meetings, contributing meaningfully to discussion by leveraging their industry knowledge and experience. To further enhance the Board effectiveness, the Directors are encouraged to take initiative to attend relevant training programmes to stay abreast of the latest market developments.</p> <p><b>4. <u>Assessment of Independence of the INEDs</u></b></p> <p>The Board, through the NC, has assessed the independence of the INEDs based on the following criteria:</p> <ul style="list-style-type: none"> <li>➤ fulfilment of the definition of an INED as set out in Rule 1.01 of AMLR.</li> <li>➤ ability to exercise independent judgement and act in the best interests of the Group.</li> <li>➤ potential conflicts of interest with regard to any contracts or transactions with the Group.</li> </ul> <p>All four (4) INEDs of the Company fulfilled all the criteria across all sections, demonstrating strong adherence to the principles of independence and good governance. The INEDs are committed to dedicating sufficient time to their roles, staying informed about the corporation's business and maintaining high standards of objectivity and integrity.</p>
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<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a comprehensive Remuneration Policy for Directors and Senior Management, which outlines the principles, structure and procedures for determining the remuneration packages of Directors and Senior Management of the Company.</p> <p>The policy safeguards adequate, fair, and competitive compensation and benefits for Directors and Senior Management to attract and retain talented, well-qualified and high calibre individuals with the right credentials and astute insights. This is to support and drive the Group's business strategies, long-term objectives, core values and overall interests.</p> <p>The remuneration packages for the Executive Directors and Key Senior Management are linked to their respective key performance indicators as well as their contribution toward the Group's growth and business. Managing Director will review and assess the performance of Senior Management and recommend the remuneration levels to the RC for review. Whilst for the Executive Directors including the Managing Director, their performance and remuneration levels are reviewed and assessed by the RC.</p> <p>The remuneration of Non-Executive Directors includes a basic fee determined based on their scope of duties and responsibilities, qualifications, skills, expertise and experience, as well as the complexity of the Company's activities. The Directors' fee and benefits are subject to shareholders' approval at the AGM, and shall be a fixed sum, not based on commission or percentage of profits or turnover.</p> <p>To uphold strong governance and transparency, the Directors shall abstain from deliberating and voting on matters relating to their own remuneration. Additionally, Directors who are also shareholders of the</p>

	Company will abstain from voting on resolutions pertaining to their own fees and benefits at general meetings.	
	The Remuneration Policy for Directors and Senior Management is available on the Company's website at <a href="http://www.arrowsystemsonline.com/corporate-governance-policies/">www.arrowsystemsonline.com/corporate-governance-policies/</a> .	
Explanation for departure		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure		
Timeframe		

### Intended Outcome

The 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.

<b>Application</b>	:	Applied												
<b>Explanation on application of the practice</b>	:	<div>Currently, the RC comprises exclusively INED as shown below:<table><tr><th>Designation</th><th>Director</th><th>Directorship</th></tr><tr><td>Chairperson</td><td>Dato' Ts. Dr. Thian Boon Chung</td><td>INED</td></tr><tr><td>Member</td><td>Woo Ah Kek</td><td>INED</td></tr><tr><td>Member</td><td>Jolene Lai Ooi Yoke</td><td>INED</td></tr></table></div> <div>The RC is responsible for recommending the remuneration of the Board and Senior Management, as guided by the principles outlined in the Remuneration Policy for Directors and Senior Management and its Terms of Reference.</div> <div>The duties and responsibilities of the RC are clearly stated in its Terms of Reference, which is available on the Company's website at <a href="https://arrowsystemsonline.com/corporate-governance-policies/">https://arrowsystemsonline.com/corporate-governance-policies/</a>.</div>	Designation	Director	Directorship	Chairperson	Dato' Ts. Dr. Thian Boon Chung	INED	Member	Woo Ah Kek	INED	Member	Jolene Lai Ooi Yoke	INED
Designation	Director	Directorship												
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Member	Jolene Lai Ooi Yoke	INED												
<b>Explanation for departure</b>	:													
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>														
<b>Measure</b>	:													
<b>Timeframe</b>	:													

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	As our Non-Executive Directors are only entitled to Directors' fees and allowances from the Listing Date on 2 July 2025, the table below sets out the details of remuneration received and/or receivable by the Executive Directors from the Company and the Group for the FYE 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	Tengku Faizwa Binti Tengku Razif	Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Chan Kok Heng	Executive Director	-	-	-	-	-	-	-	-	-	150	-	22	50	222
3	Leong Weng Khin	Executive Director	-	-	-	-	-	-	-	-	-	132	-	-	41	173
4	Kamalam A/P Kurup Krishnan	Executive Director	-	-	-	-	-	-	-	-	-	101	55	-	18	174
5	Dato' Ts. Dr. Thian Boon Chung	Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Woo Ah Kek	Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Jolene Lai Ooi Yoke	Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## Intended Outcome

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

## Practice 8.2

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

Application	:	Departure									
Explanation on application of the practice	:										
Explanation for departure	:	The Company believes that disclosing the remuneration of the top five (5) Senior Management members on a named basis may not serve the best interests of the Company, due to the highly competitive environment, which could lead to talent retention challenges.									
		The Board opted to disclose the aggregate remuneration of other Senior Management members for the FYE 2025 in bands of RM50,000 on an unnamed basis, as follows:									
		<table><tr><th>Range of Remuneration*</th><th>Number of Senior Management</th></tr><tr><td>RM50,001 to RM100,000</td><td>1</td></tr><tr><td>RM100,001 to RM150,000</td><td>2</td></tr><tr><td>RM150,001 to RM200,000</td><td>1</td></tr></table>	Range of Remuneration*	Number of Senior Management	RM50,001 to RM100,000	1	RM100,001 to RM150,000	2	RM150,001 to RM200,000	1	
		Range of Remuneration*	Number of Senior Management								
RM50,001 to RM100,000	1										
RM100,001 to RM150,000	2										
RM150,001 to RM200,000	1										
<p><i>Note:</i></p> <p>* The remuneration includes salary and other emoluments, bonuses, contributions to the defined contribution plan and social security contributions. Successive bands of RM50,000 are not shown entirely as they are not represented.</p> <p>The Board, through the RC, ensures that the remuneration of Senior Management is aligned with their experience, performance and level of responsibility. In determining remuneration, the Board takes into account individual contributions and the overall performance of the Company, with the objective of maintaining competitive remuneration packages that attract, retain, and motivate key talent to drive long-term value creation.</p>											
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.											
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 8.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>To maintain the objectivity of the Board's review on the ARMC's findings and recommendations, the roles of the Board Chairperson and the ARMC Chairperson are held by two (2) different individuals. The ARMC is chaired by Mr. Woo Ah Kek, while the Board is chaired by Tengku Faizwa, both of whom are INEDs.</p> <p>The duties and responsibilities of the ARMC and its Chairperson, are outlined in the Terms of Reference of ARMC, which is available on the Company's website at <a href="http://www.arrowsystemsonline.com/corporate-governance-policies/">www.arrowsystemsonline.com/corporate-governance-policies/</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Terms of Reference of the ARMC require that any former partner of the Group's external audit firm and/or its affiliate firm observe a cooling-off period of at least three (3) years before being eligible for appointment as a member of the ARMC. This policy is designed to uphold the independence and objectivity of the Company's External Auditors.</p> <p>The ARMC's Terms of Reference is available at the Company's website at <a href="http://www.arrowsystemsonline.com/corporate-governance-policies/">www.arrowsystemsonline.com/corporate-governance-policies/</a>.</p> <p>Currently, none of the ARMC members are former partners of the Group's external audit firm and/or its affiliate firm, and the Board does not anticipate any such appointments in the foreseeable future.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The ARMC, guided by its Terms of Reference, is responsible for evaluating the suitability, objectivity and independence of the External Auditors on an annual basis. In this regard, the ARMC considers the following key criteria, among others:</p> <ul style="list-style-type: none"><li>• Independence of the audit firm and ability to maintain its independence throughout the audit engagement, particularly no conflict of interest situations that could affect its independence;</li><li>• Compliance with regulations and ethical guidelines relating to rotation of audit partner and succession planning;</li><li>• Professional, competency, experience, integrity of key personnel and resources capacity of the audit firm;</li><li>• Effectiveness of audit approach and methodology; and</li><li>• Provision of non-audit services by the external auditors (if any) shall not cause an impairment to the objectivity and independence of the audit firm.</li></ul> <p>The Board, through the ARMC, conducted an evaluation of the performance of the External Auditors, Messrs. Ecovis Malaysia PLT ("<b>Ecovis</b>") in relation to both audit and non-audit services rendered for the FYE 2025. Based on the assessment results, the ARMC is satisfied with Ecovis's suitability, based on the quality of audit, overall performance, competency and sufficiency of resources allocated to the Group.</p> <p>Additionally, Ecovis has provided a written assurance confirming that they have maintained independence throughout the audit engagement for the FYE 2025 in compliance with all relevant professional and regulatory requirements.</p> <p>Upon deliberation and based on the ARMC's recommendation, the Board has resolved to propose the re-appointment of Ecovis for shareholders' approval at the forthcoming 1st AGM.</p>
<b>Explanation for departure</b>	:	

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

**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.

<b>Application</b>	:	Adopted		
<b>Explanation on adoption of the practice</b>	:	As of 31 March 2025, the ARMC comprises solely of INEDs as follows:		
		<b>Designation</b>	<b>Director</b>	<b>Directorship</b>
		Chairperson	Woo Ah Kek	INED
		Member	Dato’ Ts. Dr. Thian Boon Chung	INED
		Member	Jolene Lai Ooi Yoke	INED



### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All ARMC members are financially literate and possess extensive working experience along with the requisite skills and knowledge across various industries to effectively discharge their responsibilities. Their profiles are available in the Profile of Board of Directors section of the Annual Report 2025.</p> <p>Mr. Woo Ah Kek, our ARMC Chairperson, is a Chartered Accountant, a fellow member of the Association of Chartered Certified Accountants ("ACCA"), and a member of the Malaysian Institute of Accountants ("MIA"). His strong expertise in audit and accounting matters not only ensures compliance with the financial expertise requirements under the AMLR but also enhances the Company's financial oversight, risk management and governance practices.</p> <p>During the FYE 2025, all ARMC members actively participated in training programmes to enhance their ability to effectively discharge their responsibilities. They remain continuously updated on the latest developments in accounting and auditing standards, industry best practices and applicable regulatory requirements through professional development initiatives, as well as briefings by Management and External Auditors.</p> <p>Details of the training programmes attended by the ARMC members during the FYE 2025 are disclosed in the Corporate Governance Overview Statement of the Annual Report 2025.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to establishing and maintaining a robust, effective and efficient system of risk management and internal control to safeguard shareholders' investments and the Group's assets. To this end, the Board has established an Enterprise Risk Management ("ERM") Framework to provide a structured approach to identifying, analysing, responding to, monitoring and reporting potential risks or structural weaknesses in alignment with the Group's strategic objectives.</p> <p>To fulfil its oversight responsibilities, the ARMC is entrusted by the Board to reviewing the adequacy and effectiveness of the Group's risk management and internal control system. The ARMC, within its jurisdiction, is responsible for:</p> <ul style="list-style-type: none"><li>(a) reviewing significant risks identified by Senior Management and evaluating the effectiveness of mitigation plans;</li><li>(b) deliberating on risk mitigation strategies and ensuring that appropriate control measures are in place; and</li><li>(c) assessing the overall risk landscape and recommending improvements to the Board where necessary.</li></ul> <p>Key Senior Management team under the leadership of the Managing Director is responsible for implementing the strategy, culture, people, processes, technology, and structures, which are integral components of the ERM Framework. Key Senior Management team will report key risks and mitigation measures to the ARMC on a regular basis to ensure continuous monitoring and proactive management. At the operational level, all employees are required to comply with the ERM Framework in carrying out risk management activities. They must also promptly report any emerging risks to their respective departmental heads for further escalation, where necessary.</p> <p>The ARMC is also responsible for overseeing the implementation and effectiveness of internal controls to uphold the Group's integrity. This includes ensuring the adoption of corporate policies and standard operating procedures ("SOPs") for ethical standards and regulatory compliance. It also reviews audit findings, monitors management's corrective actions, and oversees the appointment and performance of independent internal auditors.</p>

	By embedding risk management and internal control practices at all levels, the Group reinforces a risk-aware culture, enabling more effective decision-making and long-term business sustainability.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises its overall responsibility for establishing a robust risk management framework and internal control system, and for continuously monitoring their effectiveness, adequacy, and integrity in the dynamic business environment. The Board, through the ARMC, identifies and monitors key business risks and challenges faced by the Group, including strategic, financial, and operational risks, while regularly review the effectiveness of the Group's risk management and internal control framework.</p> <p>The ERM Framework adopted by the Company comprising five (5) key risk management procedures, namely identify, analysis, response, monitor and report of the Group's risks. Senior Management under the leadership of the Managing Director is responsible for implementing and executing the strategy, culture, people, process, technology and structures, which are integral components of the ERM Framework.</p> <p>The Group's internal control system is supported by clearly defined, formalised and documented internal policies, standards, and procedures. Key components of the internal control system include:</p> <ul style="list-style-type: none"><li>(i) Board Charter and Terms of Reference of the respective Board Committees;</li><li>(ii) Company policies and procedures, including the Code, ABC Policy, Whistleblowing Policy and Directors' Fit and Proper Policy;</li><li>(iii) SOPs for various business functions;</li><li>(iv) Organisation structure with proper segregation of duties; and</li><li>(v) Periodic operational review meetings to monitor and strengthen internal controls.</li></ul> <p>Following the Company's listing on the ACE Market of Bursa Securities on 2 July 2025, the Board has also appointed outsourced Internal Auditors to provide independent assessments of the Group's internal control system and risk management practices.</p> <p>More details on the Group's risk management and internal control system are disclosed in the Statement on Risk Management and Internal Control in the Annual Report 2025.</p>

<b>Explanation for departure</b>	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
<b>Measure</b>	:			
<b>Timeframe</b>	:	<table border="1"> <tr> <td></td> <td></td> </tr> </table>		

**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.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The ARMC is responsible for ensuring the effectiveness of the internal audit function within the Group, including but not limited to:</p> <ul style="list-style-type: none"><li>(i) reviewing the adequacy of the scope, functions, competency and resources of the internal audit functions; and</li><li>(ii) evaluating the internal audit plan, processes, the results of the internal audit assessment or investigation undertaken and ensuring the appropriate corrective actions are taken based on the recommendations of the internal audit function.</li></ul> <p>In preparation for the Company's listing, the Company had engaged SocialGreen Governance Sdn. Bhd. ("<b>SocialGreen</b>") as its independent internal control reviewer to assess our Group's corporate governance framework as well as to conduct review on the adequacy and sufficiency of the Group's internal control and risk management.</p> <p>Following the Company's listing on the ACE Market of Bursa Securities on 2 July 2025, the Board intends to outsource its internal audit function to an independent professional firm. The Internal Auditors must be independent and free from any relationships or conflicts of interest within the Group, enabling them to conduct internal audit reviews objectively, impartially, proficiently and with due professional care. The Internal Auditors, if appointed, will conduct periodic internal audit reviews in accordance with the internal audit plan approved by the ARMC, ensuring a systematic approach to evaluating and improving the Group's risk management, internal controls and governance processes.</p> <p>To preserve independence and objectivity, the Internal Auditors report directly to the ARMC, providing independent assessments and assurance on the adequacy and effectiveness of the Group's internal control system. The primary functions of the Internal Auditors include conducting periodic internal audit reviews based on the approved audit plan, reporting audit findings with root-cause analysis, risk implications, and recommended corrective actions, and conducting follow-up audits to assess the effectiveness of corrective actions taken by management.</p> <p>To facilitate the internal audit process, the Internal Auditors will be granted comprehensive and unrestricted access to all information and resources within the Group. This ensures that they have sufficient information and resources to conduct internal audits seamlessly and</p>



	effectively. Upon the completion of each internal audit review, the Internal Auditors present to the ARMC their findings, together with root-cause analysis, potential risks and implications, and recommended corrective actions. Follow-up audits are subsequently conducted to ensure that the management implements the agreed upon corrective action plans within the stipulated timeframe,	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	In preparation for the Company's listing, the Company had engaged SocialGreen as its independent internal control reviewer ("ICR") to assess the Group's corporate governance framework as well as to conduct review on the adequacy and sufficiency of the Group's internal control and risk management. The appointed ICR is independent and free from any relationships or conflicts of interest within the Group, enabling them to conduct internal control reviews objectively, impartially, proficiently and with due professional care.  The internal control review was led by Ms. Andrea Huong Jia Mei, Director of SocialGreen, who is a member of the ACCA, and a Chartered Accountant registered with the MIA. She was supported by a team of two (2) personnel in conducting the internal control review in accordance with the International Professional Practice Framework ("IPPF").	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of timely, transparent and effective communication with shareholders and stakeholders to foster mutual trust and understanding. Committed to ensuring prompt, accurate and fair disclosure of the Group's business operations and developments, the Company utilises the following engagement methods:</p> <p>(i) <b><u>Company's website</u></b></p> <p>The investor relations section on the Company's website at <a href="http://www.arrowsystemsonline.com">www.arrowsystemsonline.com</a> provides comprehensive and updated information about our Group and businesses, including corporate information such as our Board and key senior management, corporate governance practices, corporate policies, financial information and annual reports.</p> <p>General public may also reach out to the Company through the "Contact Us" section on our Company's website at <a href="http://www.arrowsystemsonline.com/contact-us/">www.arrowsystemsonline.com/contact-us/</a> to send enquiries, suggest improvements or lodge complaints by filling up the form. Alternatively, the stakeholders may contact the Company at the following:</p> <p><b>ASM Automation Group Berhad</b> No. 1, Persiaran Perindustrian Pengkalan 15, Kawasan Perindustrian Pengkalan, 31500 Lahat, Perak. Tel No. : +605-312 7968 Fax No. : +605-322 8329 Email : <a href="mailto:ir@arrowsystemsonline.com">ir@arrowsystemsonline.com</a>.</p> <p>(ii) <b><u>Company announcements made to Bursa Securities</u></b></p> <p>Quarterly financial reports and material information disclosures are submitted to Bursa Securities and can be accessed on both the Company's website at <a href="http://www.arrowsystemsonline.com/bursa-announcements">www.arrowsystemsonline.com/bursa-announcements</a> and the Bursa Securities' website at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>.</p>

	<p><b>(iii) <u>Annual Report</u></b> The Annual Report serves as a key communication tool, providing a comprehensive overview of the Group's business operations, financial performance, corporate governance, sustainability initiatives, risk management and internal control systems.</p> <p>The Annual Report 2025 marks the Company's first report following its listing on the ACE Market of Bursa Securities on 2 July 2025.</p> <p><b>(iv) <u>General Meetings</u></b> General meetings serve as a primary forum for shareholder engagement, enabling direct interaction with the Board. Shareholders can raise concerns, seek clarifications and gain insights into the Group's operations and strategic direction.</p> <p><b>(v) <u>Press Conferences/Media Releases</u></b> The Company may hold press conferences and issue media releases in conjunction with significant corporate developments, such as major agreements, product launches and corporate presentations. Relevant updates will be published on the Company's website promptly after being released to Bursa Securities.</p> <p>Through these communication channels, the Board actively engages with stakeholders in an effective, transparent and regular manner to support their well-informed investment decisions. Nevertheless, the Board is mindful of the legal and regulations governing the disclosure of material and price-sensitive information.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**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.

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The forthcoming AGM, scheduled on 29 August 2025, will mark the Company's First AGM as well as its inaugural direct engagement with the shareholders following its successful listing on the ACE Market of Bursa Securities on 2 July 2025.</p> <p>To ensure shareholders have sufficient time to review and consider the proposed resolutions, the Notice of First AGM, together with detailed explanations of each proposed resolution, was issued and circulated to shareholders at least 28 days prior to the meeting, i.e. on 30 July 2025. The Notice of First AGM was issued to the registered shareholders via email, and for those without email address, to despatch a hardcopy to the registered shareholders.</p> <p>To enhance outreach, the Notice of First AGM is also published on the Company's website, Bursa Securities' website and in nationally circulated newspapers for wider accessibility and transparency.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board views general meetings as a vital platform for shareholders to interact with Directors, providing an opportunity for shareholders to express their concerns and gain direct insights into the Company’s management. This facilitates a more meaningful and constructive dialogue between the Board and its shareholders.</p> <p>Barring any unforeseen circumstances, all Directors, including the Chairpersons of each Board Committee, have confirmed their attendance and participation at the forthcoming First AGM, scheduled to be held at Kampar Room, Travelodge Ipoh, Jalan Raja DiHilir, 30350 Ipoh, Perak on Friday, 29 August 2025 at 10:00 a.m. The Board is committed to facilitating discussions and providing meaningful explanations and responses to any questions or concerns raised by shareholders. The Company’s External Auditors and Sponsor will also be present at the First AGM to respond to any relevant shareholders' queries.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>In adherence to Rule 8.29A of the AMLR, the forthcoming First AGM scheduled on 29 August 2025 will be conducted as a fully physical meeting while leveraging technology to facilitate electronic voting, which will be administrated by the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. The Board believes that a physical AGM provides the most effective platform for meaningful shareholder engagement, allowing for direct interaction, real-time discussions and immediate responses to queries.</p> <p>Given the current shareholder base and logistical considerations, the Company does not foresee significant demand for remote participation. Additionally, the cost of implementing a hybrid meeting platform is not justified at this stage.</p> <p>Shareholders who are unable to attend the First AGM may appoint a proxy to attend, speak and vote on their behalf, provided that the proxy form is lodged at the Company's Share Registrar at least 48 hours prior to the general meeting. The Board remains committed to ensuring accessible and transparent shareholder engagement and will continue to assess the feasibility of implementing remote shareholders' participation in the future.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## 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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The AGM serves as the primary platform for shareholders to engage with the Board, raise questions and provide feedback, with sufficient time allocated for discussion and responses. At the meeting, shareholders will also be notified of their rights and the mechanisms available for exercising them, ensuring transparency and accessibility in the decision-making process.</p> <p>During the AGM, the Company will encourage active participation from shareholders and proxies in attendance by giving ample time and opportunity to raise questions. The Chairman of the meeting will lead the discussions, ensuring that shareholder engagement remains a key priority and that all concerns are addressed with meaningful response by the Board and Senior Management during the meeting.</p> <p>In addition, the Company's website serves as an essential platform for keeping shareholders informed of key developments. Shareholders may engage with the Company, raise concerns, and provide feedback through the communication channels available on the website. The minutes of the general meeting, along with a summary of the question and answer (Q&amp;A) session, will be made available on the Company's website, reinforcing the Company's commitment to transparency and continuous shareholder engagement.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 13.5

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

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

provide brief reasons on the choice of the meeting platform.		
Application	:	Not applicable – only physical general meetings were conducted in the financial year
Explanation on application of the practice	:	
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

### Intended Outcome

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>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has scheduled its First AGM on 29 August 2025. Following the conclusion of the AGM, the draft minutes will be circulated to the Board for review and comments before being confirmed as an accurate record of the proceedings.</p> <p>The Board is committed to making the minutes of the First AGM available on the Company's website at <a href="http://www.arrowsystemsonline.com">www.arrowsystemsonline.com</a> within 30 business days after the AGM. Additionally, the minutes will include a comprehensive record of the proceedings, including questions raised by shareholders and the Company's responses.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

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

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

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