

## CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5738  
**COMPANY NAME** : COUNTRY HEIGHTS HOLDINGS BERHAD  
**FINANCIAL YEAR** : 31 December 2022

### OUTLINE:

#### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors of Country Heights Holdings Berhad ("CHHB" or "the Company") is responsible for setting the strategic directions of the CHHB Group and monitoring the implementation of those strategies by the Management, including:</p> <ul style="list-style-type: none"><li>• oversight of the CHHB Group, including its control and accountability systems;</li><li>• appointing and removing the Group CEO;</li><li>• appointing and removing the Group CFO;</li><li>• appointing and removing the Company Secretary;</li><li>• Board and Executive Management development and succession planning;</li><li>• input into and final approval of corporate strategy;</li><li>• input into and final approval of the annual operating budget (including the capital management budget);</li><li>• approving and monitoring the progress of major capital expenditure, capital management and acquisitions/divestment;</li><li>• monitoring compliance with all relevant legal, tax and regulatory obligations;</li><li>• reviewing and monitoring systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies;</li><li>• at least annually, reviewing the effectiveness of CHHB's implementation of its risk management system and internal control framework;</li><li>• monitoring Executive Management's performance and implementation of strategy and policies, including assessing whether appropriate resources are available;</li><li>• approving and monitoring financial and other reporting to the market, shareholders, employees and other stakeholders; and</li><li>• appointment, re-appointment or replacement of the external auditor.</li><li>• Promoting good corporate governance within the company based on transparency and integrity;</li></ul>

		<ul style="list-style-type: none"> <li>• Overseeing the development and implementation of a shareholders' communications policy for the Company.</li> </ul>
<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**

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>The Founder of CHHB, YBhg Tan Sri Lee Kim Tiong @ Lee Kim Yew ("Tan Sri Lee"), is the Executive Chairman of the Company during the year under review. As Executive Chairman, and given his capability, leadership and entrepreneurship skills, business acumen and his vast experience in the industry, Tan Sri Lee undertakes to personally and passionately spearhead the Group to better performance in the near future together with the four (4) Executive Directors, each having separate and clearly defined scope of responsibility and authority. The division of roles and responsibilities ensures that there is no excessive concentration of power in these positions.</p> <p>The role and responsibilities of the Chairman are stated in the Board Charter which is available on the Company's website at <a href="http://www.countryheights.com.my">www.countryheights.com.my</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

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>The roles of the Executive Chairman of the Board and the Managing Director ("MD") of the Company are held by separate individuals and each has a clear accepted division of responsibilities to ensure that there is a balance of power and authority to promote accountability.</p> <p>The Executive Chairman is responsible for ensuring Board effectiveness and conduct, leading the Board in the oversight of management and also oversees the controls of the business through compliance and audit and the direction of the CHHB Group business.</p> <p>The Group MD is responsible for the implementation of the Board policies and reports at Board Meetings, all material matters that potentially affect the Group and its performance, including strategic projects and regulatory developments.</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 1.4

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> :	The Chairman of the Board during the financial year 2022, Tan Sri Lee Kim Tiong @ Lee Kim Yew ("the Chairman") is not a member of the Audit & Risk Management Committee ("ARMC") or the Nomination & Remuneration Committee ("NRC") of CHHB.  Tan Sri Lee Kim Tiong @ Lee Kim Yew has not participated in the meetings of these two (2) board committees.
<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> :	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. The Company Secretary is responsible to provide clear and professional advice to the Board on all governance matters, to ensure that Board procedures are followed, and the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The Company Secretary attends and ensures that all meetings of the Board, Board Committees and Shareholders are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory registers of the Company. Every Director has access to the advice and services of the Company Secretary.	
<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>The Directors have full and unrestricted access to complete information on a timely basis pertaining to the CHHB Group's business and affairs to enable them to discharge their duties. Board Meetings which are scheduled to be held are also presented with the relevant reports to facilitate its decision-making process. The Board and its Committees are given the notice and agenda of meetings at least seven (7) days in advance and the meeting papers are delivered at least three (3) days prior to each meeting.</p> <p>All Board decisions are clearly recorded in the minutes, including the rationale for each decision, along with clear actions to be taken and the individuals responsible for their implementation. Relevant urgent Board decisions are communicated to the Management within one working day of the Board meeting and the minutes of Board Meetings are completed for comments by the Board members on a timely basis before the next succeeding Board meeting. Relevant extracts of the minutes are distributed to the Management for action once the board minutes are completed, depending on the urgency of the matters.</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 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 Company has adopted a Board Charter which clearly defines the respective roles, responsibilities and authorities of the Board (both individually and collectively) and the Management in setting the directions, the management and controls of the Company as well as matters specifically reserved for the Board.</p> <p>The Board Charter is available on the Company’s website at <a href="http://www.countryheights.com.my">www.countryheights.com.my</a>. The Board will review the Board Charter of the Company periodically and will update the Board Charter where appropriate, from time to time.</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

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> :	The Board has established a Code of Ethics to support the Company's vision and core values by instilling, internalizing and upholding the value of uncompromising integrity in the behavior and conduct of the Directors.  The Code of Ethics is reviewed and updated regularly by the Board. It is available on the Company's website at <a href="http://www.countryheights.com.my">www.countryheights.com.my</a> .	
<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 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>An internal Whistleblowing Policy has been introduced for employees to channel their concerns about illegal, unethical or improper business conduct affecting the Company and to share business improvement opportunities.</p> <p>The Board and the Management gave their assurance that employees will not be at risk to any form of victimization, retribution or retaliation from their superiors or any member of the Management provided that they act in good faith in their reporting.</p> <p>The Whistleblowing Policy is available on the Company's website at <a href="http://www.countryheights.com.my">www.countryheights.com.my</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

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 recognizes the need to operate its business in a responsible and sustainable manner complying with all relevant legislative and regulatory requirements, to maintain its reputation, and to generate future business. CHHB combines its value of nature, love, quality, style and excellence, together with its vision of 'Ever Searching for Better Living' and set its commitment to sustainable good practice in the context of environment, economic and social consideration.</p> <p>CHHB Group focuses on corporate sustainability in five (5) main areas, being environment, health and safety, employees, business partners and local communities. The Group's effort on environmental and social responsibility during the financial year are set out in the Sustainability Statement of the Annual Report.</p> <p>The Environmental &amp; Sustainability Policy is available on the Company's website at <a href="http://www.countryheights.com.my">www.countryheights.com.my</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>	:	Choose an item.

**Intended Outcome**

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

**Practice 4.2**

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>CHHB’s commitment to environment sustainability is considered central to our business culture and as such is intended to form part of, and to support, all CHHB’s activities. We believe that seeking to continuously improve our environmental performance is fundamental to our business success and that sustainability principles should be incorporated into CHHB’s activities and decision making at all levels.</p> <p>The Group identified six key of sustainability areas. They are as follows:</p> <ol style="list-style-type: none"> <li>1) Environment</li> <li>2) Health and Safety</li> <li>3) Customers</li> <li>4) Local Communities</li> <li>5) Business Partner and Shareholders</li> <li>6) Employees</li> </ol> <p>Its sustainability value can be seen through the development. The Group implements this strategy in order to improve the customer satisfaction measures in its key products and segments. The Group will continue to invest in exciting transformative initiatives, adopting the change to working culture by using cloud-based system investment, and become more active in capturing attractive opportunities in the markets.</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>	:	Choose an item.

### Intended Outcome

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

### Practice 4.3

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 ensures an appropriate tone from the top with clear management accountability reinforced with the Group's code of conduct, influences the behaviour of employees throughout the Group and drives a consistent consideration of risk as a natural part of decision making.</p> <p>The Company has a long history of sustainability practises and these are the efforts of its past directors and current directors who are well versed and up-to-date on global sustainability issues.</p> <p>The Group constantly expand and enhance the current distributional channels to reach all segments of society and customer groups within the market with the aim to create value for the Group customers in the long run. Diversified channels with good and professional customer services and innovative products create better buying experience for the Group customers as well as the sustainability of the Group business model.</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>	:	Choose an item.

**Intended Outcome**

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

**Practice 4.4**

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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	A detailed study is required for developing the criteria for the performance evaluations of the Board and the Management to address the material sustainability risks and opportunities.	
		The Company does not have any alternative practice currently.	
<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>	:	Choose an item.	

**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The MD is the designated chairperson on sustainability. He together with the management committee is to take care of the sustainability areas for the Group.



## 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 Nomination &amp; Remuneration Committee ("NRC") is responsible to formulate the nomination, selection and succession policies for the Board and the Board Committees as may be determined by the NRC from time to time and make recommendations to the Board on new candidates for election/appointment and re-election/re-appointment of the Directors to the Board.</p> <p>During the financial year, the NRC has fulfilled a number of key activities, as follows:</p> <ol style="list-style-type: none"> <li>1) Evaluated and assessed the performance of Independent Non-Executive Directors for the year 2022.</li> <li>2) Evaluated and assessed the performance and effectiveness of the Board and Board Committees for the year 2022.</li> <li>3) Reviewed and recommended the re-election of Director due for retirement at the AGM.</li> <li>4) Reviewed and remuneration of the Directors for the year 2022 and subsequently recommended it to the Board for approval.</li> <li>5) Reviewed and recommended the Fit and Proper Policy for Key Responsible Persons for Board approval.</li> </ol> <p>The Nomination Committee regularly assesses the experience, the tenure, and diversity required collectively for the Board and ensures that it is periodically refreshed so that it can discharge its duties effectively.</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>	:	Choose an item.

### Intended Outcome

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

### Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>CHHB is short of Independent Directors in meeting the recommendation to have at least half of the Board comprising Independent Directors. However, the Company still meets the requirement of Paragraph 15.02(1) of the Main Market Listing Requirements which stipulates that:</p> <p><i>“A listed issuer must ensure that at least 2 Directors or 1/3 of the board of directors if a listed issuer, whichever is the higher, are independent directors”.</i></p> <p>The Board is supportive of gender diversity in the boardroom as recommended by the Code and has developed a Gender Diversity Policy to promote the representation of women in the composition of the Board. For the purpose of the Code, the Gender Diversity Policy will refer principally to gender diversity in the boardroom, but this approach however, in no means limits the Company’s recognition and respect for the value of diversity at all levels of the organisation. A diverse boardroom and workplace include the skills and perspective that people bring to the organisation through, but not limited to, experience, gender, age, culture and beliefs. The Board will consider more female representation when suitable candidates are identified.</p>
<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>	:	Choose an item.

**Intended Outcome**

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

**Practice 5.3**

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

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

<b>Application</b>	:	Not applicable	
<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>	:	Choose an item.	

**Intended Outcome**

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

**Practice 5.4 – 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>All nominees to the Board are first considered by the Nomination &amp; Remuneration Committee, based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender before they are recommended to the Board for approval.</p> <p>In line with the Board's commitment towards creating boardroom diversity, despite no specific targets being set in relation to boardroom diversity, the Board is committed to improving boardroom diversity in terms of gender, ethnicity, regional and industry experience, cultural and geographical background, age and perspective.</p> <p>The Board is supportive of gender diversity in the boardroom as recommended by the Malaysian Code of Corporate Governance ("Code") and has developed a Gender Diversity Policy to promote the representation of women in the composition of the Board. For the purpose of the Code, the Gender Diversity Policy will refer principally to gender diversity in the boardroom, but this approach however, in no means limits the Company's recognition and respect for the value of diversity at all levels of the organisation. A diverse boardroom and workplace include the skills and perspective that people bring to the organisation through, but not limited to, experience, gender, age, culture and beliefs. The Board will consider more female representation when suitable candidates are identified.</p> <p>The Board had also adopted a Fit &amp; Proper Policy to ensure that a formal, rigorous and transparent process is adhered to for the appointment, re-appointment or re-election of Directors. It serves as a guide to the NRC and the Board in conducting the necessary assessment to ensure that candidates have the necessary character, experience, integrity, competence and time to effectively discharge their role before they are appointed to the Board.</p> <p>Both the Gender Diversity Policy and the Fit &amp; Proper Policy are available on the Company's website at <a href="http://www.countryheights.com.my">www.countryheights.com.my</a>.</p>

	<p>To ensure that Directors are able to devote sufficient time to serve on the Board effectively, they are required to disclose their directorships in other companies (public companies, both listed and not listed, as well as not-for-profit organisations) to the NRC for assessment of their time commitment.</p> <p>In assessing candidates for Senior Management positions, the Board and the NRC take into account the challenges and opportunities faced by the Group, the leadership needs of the Group, and the candidate's technical capabilities, experience, professional qualifications and potential for appointment to the Board in future. The Group ensures that women candidates are sought and considered in the recruitment exercise.</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> :	Choose an item.	

### Intended Outcome

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

### Practice 5.6

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

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the 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>	:	The Nomination & Remuneration Committee may also consider the use of external consultants in the identification of potential Directors.  There were no new appointment on the Board during the financial year 31 December 2022.	
<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>	:	Choose an item.	

### Intended Outcome

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

### Practice 5.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The information of the retiring Directors who are standing for the re-election are disclosed in the Directors' Profile in the Company's Annual Report 2022. The recommendation of the Board to support the re-election of directors are set out in the Explanatory Notes to the Notice of AGM.</p> <p>Each of the Directors standing for re-election had undergone a performance and fitness evaluation, where applicable, and had provided his/her annual declaration on his/her fitness and propriety to continue acting as Directors of the Company in accordance with the Fit and Proper Policy of the Group, as well as the confirmation of their independence (as the case may be) conducted by the Nomination &amp; Remuneration Committee ("NRC") and Board before recommendation is made to the shareholders for consideration.</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>	:	Choose an item.



**Intended Outcome**

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

**Practice 5.8**

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>	:	The Nomination & Remuneration Committee is chaired by Mr. Ong Tee Chin, an Independent Non-Executive Director of the Company.	
<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>	:	Choose an item.	

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>CHHB is currently short of women director in meeting the recommendation to have 30% of the Board comprising of woman directors. However, the Board is supportive of gender diversity in the boardroom as recommended and has developed a Gender Diversity Policy to promote the representation of women in the composition of the Board. For the purpose of the Malaysian Code of Corporate Governance, the Gender Diversity Policy will refer principally to gender diversity in the boardroom, but this approach however, in no means limits the Company's recognition and respect for the value of diversity at all levels of the organisation. A diverse boardroom and workplace include the skills and perspective that people bring to the organisation through, but not limited to, experience, gender, age, culture and beliefs. The Board will consider more female representation when suitable candidates are identified.</p> <p>The Gender Diversity Policy is available on the Company's website at <a href="http://www.countryheights.com.my">www.countryheights.com.my</a>.</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>	:	The Board endeavours the fulfilment of this recommendation at the next board refreshment exercise.
<b>Timeframe</b>	:	Others

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of boardroom diversity. The Board committed to improving boardroom diversity in terms of gender, ethnicity, regional and industry experience, cultural and geographical background, age and perspective.</p> <p>The Board is supportive of gender diversity in the boardroom as recommended by the Malaysian Code of Corporate Governance and has developed a Gender Diversity Policy to promote the representation of women in the composition of the Board.</p> <p>The Gender Diversity Policy is available on the Company's website at <a href="http://www.countryheights.com.my">www.countryheights.com.my</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>	:	Choose an item.	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the financial year ended 31 December 2022, the Nomination &amp; Remuneration Committee (“NRC”) has fulfilled a number of key activities, as listed below:</p> <ul style="list-style-type: none"><li>• Evaluated and assessed the performance of the Independent Non-Executive Directors (self-assessment) for the year 2022.</li><li>• Evaluated and assessed the performance and effectiveness of the Board of Directors and Board Committees for the year 2022.</li></ul> <p>The NRC noted that the Board and its Committees had met the board structure criteria, as to its size, independence, desired skills and qualities of the Board members, as required by the regulations and the results was tabled to the Board for notification.</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>	:	Choose an item.

## 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 policy and framework for the overall remuneration of the Executive and Non-Executive Directors are reviewed regularly against market practices by the Nomination &amp; Remuneration Committee, following which the recommendations are submitted to the Board for approval.</p> <p>The Board as a whole determines the remuneration of the Directors and each individual Director abstains from the Board decision on his own remuneration.</p> <p>The remuneration of Non-Executive Directors is based on a standard fixed fees. In addition, allowances are also paid according to the number of meetings attended during the year.</p> <p>The Executive Directors are not entitled to the above Directors' Fees nor are they entitled to receive any meeting allowance for Board or Board Committee meetings that he/she has attended. Their remuneration is based on their Key Performance Indicators ("KPIs") which are appraised annually.</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>	:	Choose an item.

### 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>	:	The responsibility of the Nomination & Remuneration Committee, among others, is to review and recommend the appropriate level of remuneration for the Executive and Non-Executive Directors.  The terms of reference of the Nomination & Remuneration Committee is available on the Company's website at <a href="http://www.countryheights.com.my">www.countryheights.com.my</a>
<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>	:	Choose an item.

### Intended Outcome

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

### Practice 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The details of the Directors' remuneration received for the financial year 31 December 2022 are set out on pages 32 and 33 of this Corporate Governance Report.</p> <p>The Directors' Fee paid to Non-Executive Directors were related to their services rendered for financial year 31 December 2021.</p> <p>The remuneration received by the Executive Directors in financial year 31 December 2022 was in respect of their executive roles in the Group.</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>	:	Choose an item.

No	Name	Directorate	Company (RM)							Group (RM)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	EPF by Group	Total
1	Tan Sri Lee Kim Tiong @ Lee Kim Yew (Resigned on 3 February 2023)	Executive Chairman	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Datuk Lim Chih Li @ Lin Zhili (Resigned on 30 January 2023)	Managing Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Ong Tee Chin	Senior Independent Non-Executive Director	19,000	12,000	-	-	-	-	31,000	-	-	-	-	-	-	-
4	Chong Khing Chung (Resigned on 14 December 2022)	Independent Non-Executive Director	16,000	12,000	-	-	-	-	28,000	-	-	-	-	-	-	-
5	Hor Siew Leong (Resigned on 30 December 2022)	Independent Non-Executive Director	17,000	12,000	-	-	-	-	29,000	-	-	-	-	-	-	-



6	Lee Sow Lin (Redesignation to Non- Independent and Non- Executive Director on 1 March 2022)	Non- Independent and Non- Executive Director	10,000	4,000	-	-	-	-	14,000	-	-	106,309.68	-	-	6379.00	112,688.68
7	Dr. Yip Chun Mun (Redesignation to Deputy Managing Director on 3 February 2023)	Deputy Managing Director	-	-	-	-	-	-	-	-	-	120,000.00	-	3,600	16,800	140,400.00
8	Zijing Xu (Vacated office on 1 March 2022)	Chief Technology Officer	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Chen Kaiyu (Vacated office on 1 March 2022)	Finance Director	-	1,000	-	-	-	-	1,000	-	-	-	-	-	-	-
10.	Lee Thai Young Matahari	Director	-	-	-	-	-	-	-	-	-	240,000.00	-	-	31,200.00	271,200.00
11.	Jaleeludeen Bin Abu Baker	Director	-	-	-	-	-	-	-	-	-	55,000.00	-	-	-	55,000.00

## 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.

<b>Application</b>	:	Applied							
<b>Explanation on application of the practice</b>	:	The remuneration of Executive Directors for the financial year ended 31 December 2022 is as follows:							
		<table border="1"><thead><tr><th><b>Range of Remuneration (RM)</b></th><th><b>Top Senior Management</b></th></tr></thead><tbody><tr><td>100,000 – 150,000</td><td><ul style="list-style-type: none"><li>• Dr. Yip Chun Mun (Executive Director)</li><li>• Lee Sow Lin (Redesignated from Executive Director to Non-Independent Non-Executive Director on 1 March 2022)</li></ul></td></tr><tr><td>150,001 – 300,000</td><td><ul style="list-style-type: none"><li>• Lee Thai Young Matahari</li></ul></td></tr></tbody></table>	<b>Range of Remuneration (RM)</b>	<b>Top Senior Management</b>	100,000 – 150,000	<ul style="list-style-type: none"><li>• Dr. Yip Chun Mun (Executive Director)</li><li>• Lee Sow Lin (Redesignated from Executive Director to Non-Independent Non-Executive Director on 1 March 2022)</li></ul>	150,001 – 300,000	<ul style="list-style-type: none"><li>• Lee Thai Young Matahari</li></ul>	
<b>Range of Remuneration (RM)</b>	<b>Top Senior Management</b>								
100,000 – 150,000	<ul style="list-style-type: none"><li>• Dr. Yip Chun Mun (Executive Director)</li><li>• Lee Sow Lin (Redesignated from Executive Director to Non-Independent Non-Executive Director on 1 March 2022)</li></ul>								
150,001 – 300,000	<ul style="list-style-type: none"><li>• Lee Thai Young Matahari</li></ul>								
<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>	:	Choose an item.							

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

<b>Application</b>	:	Not Adopted	
<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>	:	Choose an item.	

**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>	:	The Chairman of Audit & Risk Management Committee, Mr Ong Tee Chin, is not the Chairman of the Board.	
<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>	:	Choose an item.	

**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>There is no former key audit partner being appointed as a member of the Audit &amp; Risk Management Committee ("ARMC").</p> <p>The ARMC is effective and independent in providing assurance to stakeholders of the accuracy in the disclosure of financial 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>	:	Choose an item.	

### 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 Audit &amp; Risk Management Committee has evaluated the performance of External Auditors, Messrs UHY, including assessment of the following during the financial year ended 31 December 2022:</p> <ul style="list-style-type: none"><li>(a) make appropriate recommendations to the Board on matters pertaining to the nomination, appointment and dismissal of External Auditors and the fees thereof;</li><li>(b) review and discuss with the External Auditors before the commencement of audit, the nature and scope of the audit;</li><li>(c) discuss problems and reservations arising from the interim and final audits, and any other matters that the External Auditors may wish to discuss (in the absence of the Management where necessary); and</li><li>(d) review External Auditors' letter to the Management (if any) and the Management's responses with regard thereto.</li></ul>
<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>	:	Choose an item.

### 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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit &amp; Risk Management Committee of CHHB comprised wholly of Independent Non-Executive Directors as follows:</p> <p>Tan Meng Khong Independent Non-Executive Director (Appointed on 3 February 2023) (Redesignated as Chairman on 3 April 2023)</p> <p>Ong Tee Chin Independent Non-Executive Director (Redesignated as Member on 21 February 2023)</p> <p>Chuah Peng San Independent Non-Executive Director (Appointed on 3 April 2023)</p> <p>Dato' Mircle Yap Ching Chai Managing Director ("MD") (Appointed on 3 February 2023) (Redesignated as Chairman on 21 February 2023) (Resigned on 3 April 2023 on his appointment as MD)</p> <p>Chong Khing Chung Independent Non-Executive Director (Resigned on 14 December 2022)</p> <p>Hor Siew Leong Independent Non-Executive Director (Resigned on 30 December 2022)</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>	:	Choose an item.

### 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>The Board is satisfied that the Audit &amp; Risk Management Committee ("ARMC") members during the financial year 31 December 2022 possess the necessary skills to discharge its duties and are financially literate, competent and have the ability to understand matters under the purview of the ARMC including the financial reporting process. The profile of the current ARMC members is set out in the Annual Report 2022.</p> <p>The ARMC members attend training programmes and seminars to keep themselves abreast of relevant developments in standards and practices in accounting and auditing, listing requirements, corporate law, risk management and changes in the business environment.</p> <p>Details of the training programmes and seminars attended by the ARMC members during the financial year 31 December 2022 are set out in the Corporate Governance Overview Statement in the Annual Report 2022.</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>	:	Choose an item.



**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 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 responsible for determining the nature and extent of the significant risks that it is willing to take in achieving its strategic objectives.</p> <p>The Board is assisted by the Management in implementing approved policies and procedures on risk and internal controls.</p> <p>Management identifies and evaluates the risks faced by the Group and designs, implements and monitors an appropriate system of internal controls in line with the policies approved by the Board.</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>	:	Choose an item.

**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 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>Key elements of the Group’s internal control system that have been established to facilitate the proper conduct of the Group’s businesses are described below:</p> <ol style="list-style-type: none"> <li>1. Control Environment</li> <li>2. Risk Management</li> <li>3. Internal Audit Function</li> <li>4. Information and Communication</li> <li>5. Review and Monitoring Process</li> </ol> <p>The Board, with the assistance of the Audit &amp; Risk Management Committee, continuously review the on-going processes of identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the financial year under review.</p> <p>The risk management process involves the Senior Management as well as the Executive Directors through direct participation in periodic management meetings. These meetings are held to assess and monitor the Group’s risks as well as to deliberate and consider the Group’s financial performance, business development, management and corporate issues.</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>	:	Choose an item.

**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 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>	:	Applied
<b>Explanation on application of the practice</b>	:	The Audit & Risk Management Committee comprises all of Independent Directors who oversee the Company's risk management framework and policies.

## 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 Group Internal Audit Department (“GIAD”) reports directly to the Audit &amp; Risk Management Committee (“ARMC”).</p> <p>Periodic testing of the effectiveness and efficiency of the internal control procedures and processes are conducted to ensure that the system is viable and robust.</p> <p>For 2022, most part of the Internal Audit function was outsourced. Arising from these assessments and reviews, the outsourced Internal Audit function presented their reports to the ARMC on their findings, recommendations for improvements and the response from the Management for the ARMC’s deliberation and consideration.</p> <p>The internal audit activities carried out under a risk-based approach for the financial year include, inter alia, the following:</p> <ul style="list-style-type: none"> <li>i) formulated annual risk-based audit plan and reviewed the resource requirements for audit executions;</li> <li>ii) executed internal audit reviews in accordance with the approved annual audit plan;</li> <li>iii) issued reports on the internal audit findings identifying weaknesses and highlighting recommendations for improvements on a periodic basis;</li> <li>iv) followed-up on the implementation of corrective action plans or best practices agreed with the Management; and</li> <li>v) attended the ARMC Meetings to table and discuss the internal audit reports/plan and followed up on the issues raised.</li> </ul>
<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>	:	Choose an item.

## 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>	:	<p>The Internal Audit function reports independently to the Audit &amp; Risk Management Committee (“ARMC”) and they are free from any relationships or conflicts of interest which could impair their objectivity and independence.</p> <p>Group Internal Audit Department (“GIAD”) was operated by two staff headed by the Senior Manager, Mr. T. Ganeshalingam A/L P. Thurairajah (“Mr. Ganesh”). Mr. Ganesh holds a Master’s Degree in Business Administration and is a Member of the Institute of Internal Auditors Malaysia. Unfortunately, Mr. Ganesh passed away on April 2022.</p> <p>CHHB decided to outsource internal audit function to Talents League Sdn. Bhd. The firm is tasked to provide reasonable assurance regarding the effectiveness, adequacy, and integrity of the Company’s internal control systems. The internal auditors have full and direct access to the ARMC, and the ARMC receives reports on all internal audits conducted, including significant results and recommendations for improvement. The ARMC, through its internal auditors, monitors action plans and the status thereof on a regular basis.</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>	:	Choose an item.

### 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 values the support of its shareholders and investors. It also recognises the importance of effective communication with the shareholders and the investment community of material corporate and business matters of CHHB Group. Its commitment, both in principle and practice, is to maximise transparency consistent with good corporate governance, except where commercial confidentiality dictates otherwise.</p> <p>In complying with Paragraph 9.21(3) of the Main Market Listing Requirements to improve investor relations between the Company and its stakeholders, CHHB ensures that its website contains the email address(es) of the designated person(s) and contact numbers to enable the public to forward queries to the Company. CHHB also post announcements made to Bursa Securities on its website immediately after such announcements are released on Bursa Securities' website.</p> <p>Shareholders and members of the public can access the Company's website at <a href="http://www.countryheights.com.my">www.countryheights.com.my</a> for the latest information of the Group.</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>	:	Choose an item.

**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>	:	Departure	
<b>Explanation on application of the practice</b>	:	Please provide an explanation on how the practice is being applied.	
<b>Explanation for departure</b>	:	CHHB is not a "Large Company" as defined under the Malaysian Code on Corporate Governance.	
<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>	:	Choose an item.	

**Intended Outcome**

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

**Practice 13.1**

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>	:	Notice of Annual General Meeting (“AGM”) is sent out to the shareholders in the month of April with more than the required 28 days’ notice before the date of the AGM, which is usually held in June. This would provide shareholders with ample time to make the necessary arrangement to attend the AGM and participate in person or by corporate representatives, proxies or attorneys.	
<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>	:	Choose an item.	



**Intended Outcome**

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

**Practice 13.2**

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>	:	All Directors of CHHB, including the Chairmen of the Audit & Risk Management Committee and the Nomination & Remuneration Committee, Senior Management and the External Auditors attend the Annual General Meeting to provide meaningful responses to the questions raised by shareholders.	
<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>	:	Choose an item.	

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 38<sup>th</sup> AGM of the Company held on 28 June 2022 was conducted on fully virtual basis through live streaming and remote participation and electronic voting.</p> <p>The fully virtual 38<sup>th</sup> AGM facilitated remote participation and voting by shareholders or their proxies or corporate representatives appointed to participate and vote remotely on their behalf.</p> <p>The Company has appointed Shareworks Sdn. Bhd. as Poll Administrator to conduct the voting by way of electronic polling and Sharepolls Sdn. Bhd. as independent scrutineers to verify the poll results.</p>
<b>Explanation for departure</b>	:	Please provide an explanation on how the practice is being applied.
<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>	:	Choose an item.

### Intended Outcome

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

### Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	At the commencement of the 38 <sup>th</sup> AGM, the Chairman, Tan Sri Lee Kim Tiong @ Lee Kim Yew briefed the shareholders, corporate representatives and proxies present virtually at the Meeting of their right to ask questions and vote on the resolutions set out in the Notice of the 38 <sup>th</sup> AGM dated 30 June 2022.
<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> :	Choose an item.

### Intended Outcome

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

### Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>In view of the Covid-19 pandemic, the Company held its 2022 Annual General Meeting (“AGM”) virtually using RPV provided by the share registrar, Shareworks Sdn. Bhd. via its online meeting platform at <a href="https://www.swsb.com.my">https://www.swsb.com.my</a></p> <p>To ensure a smooth broadcast of the AGM, the Company conducted a “Dry Run” prior to the AGM to ensure that the required infrastructure, equipment and proper settings were in place for seamless meeting proceedings.</p> <p>To ensure interactive participation by shareholders at the AGM, shareholders, proxies and corporate representatives were allowed to submit questions prior to the AGM or during the meeting where they were able to view the live streaming of the AGM, and vote remotely through the RPV. A video on the online voting module of the RPV was also played during the AGM.</p> <p>Questions submitted by shareholders or proxies were read out and responded verbally during the meeting.</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> :	Choose an item.



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

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

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