

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7214
COMPANY NAME : A-RANK BERHAD
FINANCIAL YEAR : July 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("Board") of A-Rank Berhad ("the Company") leads and manages the Company and its subsidiaries ("Group") in line with the Group's vision and missions, implementing plans to achieve business goals and supervising the conduct of the Group's overall business.</p> <p>The roles and responsibilities of the Board have been clearly enumerated in the Board Charter. The Board provides effective leadership and manages overall control of the Group's affairs through the discharge of the following principal duties and responsibilities:</p> <ul style="list-style-type: none"> • review and approve strategies, business plans and significant policies and monitor management's performance in implementing them; • oversee and evaluate the conduct and performance of the Group; • review the adequacy and integrity of the Group's internal control systems and management information systems which include appropriately sound framework/systems of reporting and to ensure regulatory compliance with the applicable laws, regulations, rules, directives and guidelines; • review the risk management guidelines, procedures and standards to ensure they provide effective governance of the Group's risk-taking activities; • delegates certain responsibilities to the various Board Committees with clearly defined Terms of Reference to assist the Board in discharging its responsibilities; • overseeing the development and implementation of a Corporate Disclosure Policy for the Company; • appointment of board committees; • succession planning for the Board and Senior Management, including the implementation of appropriate systems for recruiting, training, determining the appropriate compensation benefits and where necessary replacing any member of the Board and Senior Management; and • promoting a culture of integrity throughout the Group's businesses, including setting the Group's Anti-Bribery stance and managing corruption risk, to avoid self-serving practices and conflicts of interest of the Group.

	The Board Charter states the authority, roles and responsibilities of the Board and the Board Committees. The Board Charter is regularly reviewed and updated in accordance with the changing requirements. The Board Charter is available on the Company's website at www.arank.com.my .	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is helmed by Mr Cheah Tek Kuang, the Independent Non-Executive Chairman of the Company, who was appointed to the Board on 13 October 2022 and re-designated as Chairman of the Company on 17 January 2023.</p> <p>The full profile of Mr Cheah Tek Kuang is available in the Profile of Directors of the Annual Report.</p> <p>The main responsibilities of the Independent Non-Executive Chairman include the following:</p> <ul style="list-style-type: none">• representing the Board to shareholders;• chairing Board meetings and Shareholders' General Meeting;• assisting in Board discussions to key issues facing the Group;• arranging regular evaluation of the performance of the Board, its Committees and individual Directors;• ensuring effective communication with shareholders and relevant stakeholders;• providing appropriate leadership to the board and the Group; and• performing other responsibilities assigned by the Board from time to time.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and Managing Director of the Company are held by two separate individuals to ensure there is a proper balance of power and authority. Each of them has clearly defined duties and authority thus ensuring a balance of power and greater capacity for independent decision making. The roles of Chairman and Managing Director are clearly defined in the Board Charter, which is available on the Company's website at www.arank.com.my.</p> <p>The Chairman of the Company is Mr Cheah Tek Kuang and the Managing Director of the Company is Mr Tan Wan Lay.</p> <p>The Chairman is responsible for representing the Board to the shareholders and to encourage participation of Board members in resolving matters which required attention of the Board.</p> <p>The Managing Director focuses on the business and day-to-day management of the Company and is accountable to the Board for the achievement of the Company's goals and Group's business performance.</p> <p>The full profile of Mr Cheah Tek Kuang and Mr Tan Wan Lay are available in the Profile of Directors of the Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	The Chairman of the Board is not a member of the Audit Committee, Nomination Committee, or Remuneration Committee.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by two (2) outsourced Company Secretaries namely:</p> <ul style="list-style-type: none">• Wong Wai Foong [SSM PC No. 202008001472 (MAICSA 7001358)]• Tan Hsiao Yuen [SSM PC No. 201908002342 (MAICSA 7056952)] <p>Both Company Secretaries are registered with Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and they are also qualified to act as Company Secretary under Companies Act 2016.</p> <p>The main roles of a Company Secretary include the following:</p> <ul style="list-style-type: none">• ensuring that Board procedures and applicable rules are observed;• maintaining records of the Board and ensure effective management of the Company's statutory records;• preparing comprehensive minutes to document Board proceedings and the deliberation, in terms of the issues discussed, and the conclusion thereof, in discharging its duties and responsibilities;• carrying out other functions as deemed appropriate by the Board from time to time;• timely dissemination of information relevant to Directors' roles and functions and keeping them updated on new or evolving regulatory requirements; and• advise Directors of their obligations to adhere to matters relating to disclosure of interest in securities and conflict of interest in a transaction involving the Company; prohibition on dealing in securities during closed period and restrictions on disclosure of price-sensitive information. <p>The Company Secretaries have constantly kept themselves abreast of the regulatory changes and developments in corporate governance through attendance at relevant conferences and trainings programmes.</p> <p>All Directors have unrestricted access to the advice and services of the Company Secretaries for the purposes of the Board's affairs and the business of the Group.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries in assisting the Board in the discharge of their duties.</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

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors are provided with Board papers at least five (5) business days before Board meetings to enable them to review and consider the agenda items to be discussed and decided during meetings. Urgent matters falling outside these timing requirements are allowed and subject to the Board Chairman's approval.</p> <p>The Board papers contain relevant information and justifications for each proposal for which Board's approval is sought. Where necessary, the Management and external advisers are invited to attend these meetings to provide additional insights and professional views on specific items on the agenda.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting and deliberation. Minutes of the Board and Board Committee meetings are circulated to Directors for their review prior to confirmation of the minutes at the following Board and Board Committee meetings. The Directors may request further clarification or raise comments on the minutes prior to confirmation of the minutes. Minutes of Board Committee meetings will also be tabled for Board's notation after confirmation by the respective Board Committees.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter provides guidance for Directors on the responsibilities of the Board, its committees and requirements of Directors and is subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance.</p> <p>The Board Charter outlines amongst others, the following:</p> <ul style="list-style-type: none"> • Roles and Responsibilities of the Board; • Formal Schedule of Matters Reserved for the Board's Decision; • Board's Structure; • Clear Functions of the Board and Management; • Role of the Chairman, Managing Director and Executive Directors; • Independent Directors; • Board's Committees; • Board's performance evaluation; and • Declaration of interest/conflicts of interest. <p>The Board Charter reviewed annually by the Board to achieve the objective of good corporate governance. The Board Charter was reviewed and approved by the Board on 26 September 2023 and has been uploaded on the Company's website at www.arank.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has put in place a Code of Conduct and Ethics ("Code") for the Directors and employees. This Code includes managing conflicts of interest, preventing the abuse of power, corruption, insider trading, money laundering, sexual harassment and others, set the tone at the top, uphold the law, avoid conflicts of interest and report results accurately.</p> <p>The Code provides guidance everyone at all levels of the Company and its subsidiaries, including the Directors and Employees (either full time, probationary, contract or temporary staff) in conducting themselves to the highest standards of conduct and ethics during the course of their employment.</p> <p>The Code is published on the Company's website at www.arank.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a Whistle-Blowing Policy on 15 June 2017 for all employees, vendors, customers, contractors, consultants and stakeholders to raise concerns, without fear of reprisal and to safeguard their confidentiality, about possible improprieties on matters pertaining to financial reporting, compliance, malpractices and unethical business conduct within the Group.</p> <p>This Policy is designed with the objectives to:</p> <ul style="list-style-type: none"> (a) develop and maintain a high standard of corporate governance and business integrity; (b) serve as an internal platform for Directors and employees to report or disclose information of malpractice or any wrongdoings; and (c) provide a transparent and confidential process for dealing with concerns. <p>Any employee or stakeholder who is aware that any improper conduct has been, is being, or is likely to be committed, is encouraged to report directly to Managing Director or Executive Directors. In the case where the matter involves Director or the matter is serious and require the attention of higher level of authority, the employee can report the matter directly to the Audit Committee Chairman.</p> <p>During the financial year ended 31 July 2023 and the date of this report, no report had been received pertaining to any misconduct from employees, management, public or stakeholders.</p> <p>Whistle-Blowing Policy is published on the Company's website at www.arank.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that sustainability risks and opportunities are crucial to achieving long-term business success and should become an integral part of strategic management and corporate planning.</p> <p>The Board provides guidance and oversight to formulate the Group's sustainability strategies and risk management processes. The Board entrusts the Company's Executive Directors to drive the operational responsibility for sustainability matters, whereas the Management Team is responsible for formulating and implementing sustainability policies across the organisation. The Executive Directors reports to the Board regularly regarding sustainability issues and recommends the best practices for implementation.</p> <p>The Company has engaged a consultant and is in the midst of formulating the Group's sustainability strategies, priorities and targets. We will communicate the above in the future to its internal and external stakeholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board ensures that the Group’s sustainability strategies and risk management processes are communicated effectively to all internal and external stakeholders.</p> <p>The Group discloses its sustainability strategies, priorities, targets as well as performance in the Sustainability Statement of the Annual Report. The Sustainability Statement serves as the primary communication channel to all the Group’s stakeholders.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has committed to keeping abreast with the latest developments in the sustainability issues relevant to the Group. The Board gains access to the sustainability issues' updates via news, publications from relevant agencies, engagement with external consultants and business associates, and Directors' training.</p> <p>The Board has organised an Environmental, Social and Governance ("ESG") Awareness webinar for the Directors and Senior Management on 18 May 2022 to gain a better understanding of ESG and the relevant regulations and reporting guidelines.</p> <p>The Group also organised an in-house training of "Organizational Green House Gases" by SIRIM Berhad for the Directors and staff on 29 August 2023 to understand the Corporate Green House Gases Reporting.</p> <p>During the financial year ended 31 July 2023, the Group has completed installation of two (2) units of Solar Photovoltaic Rooftop Projects with a total capacity of 1.5 MWp at our factory in Beranang.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee assesses the performance of the Board and Senior Management’s contribution to the Group’s risk management initiatives, including the management of sustainability risks and opportunities, via the annual evaluation of the Board and Senior Management.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Following an assessment conducted by the Nomination Committee (“NC”) and the Board on 26 September 2023, Mr Gan Choon Sun, Ms Leow Vinzie, Mr Neoh Lay Keong and Puan Siti Ruzainah Binti Abd Halim, who are standing for re-election as Directors of the Company at the forthcoming Annual General Meeting (“AGM”) of the Company to be held on 5 December 2023, have been recommended by the Board to be re-elected as Directors, subject to shareholders’ approval at the AGM.</p> <p>The Board recommends Mr Gan Choon Sun, Ms Leow Vinzie, Mr Neoh Lay Keong and Puan Siti Ruzainah Binti Abd Halim to be re-elected as Directors based on the following justifications:</p> <p>(a) Mr Gan Choon Sun, the Executive Director of the Company, has vast experience in senior management specifically in overseeing the Group’s business operations and providing valuable input to boost the Group’s performance. He has exercised his due care and carried out his professional duties proficiently during his tenure as the Executive Director as well as a member of the Employees’ Share Option Scheme (“ESOS”) Committee.</p> <p>(b) Ms Leow Vinzie, the Non-Independent Non-Executive Director of the Company, has experience in business development and marketing. She has expressed her views and participated in Board deliberations and decision-making. She has exercised her due care and carried out her professional duties proficiently during her tenure as Non-Independent Non-Executive Director as well as a member of the ESOS Committee.</p> <p>(c) Mr Neoh Lay Keong, the Independent Non-Executive Director of the Company, has demonstrated his independence through his engagement with the Board and Board Committees with a diverse set of expertise and perspective. He has exercised his due care and carried out his professional duties proficiently during his tenure as Independent Non-Executive Director as well as Chairman of both the Nomination Committee and Remuneration Committee and a member of the Audit Committee (“AC”).</p> <p>(d) Puan Siti Ruzainah Binti Abd Halim, the Independent Non-Executive Director of the Company, has vast experience in Business Administration. She has exercised her due care and carried out her professional duties proficiently during her tenure as Independent Non-Executive Director as well as a member of the AC and NC.</p>

	<p>Following the resignation/retirement of Mr Wong Tze Kai and Dr Leong Chik Weng on 7 December 2022, the NC could not form its quorum and therefore, Board as a whole had reviewed, discussed, assessed and approved the appointment of Mr Neoh Lay Keong and Puan Siti Ruzainah Binti Abd Halim as Independent Non-Executive Directors on 17 January 2023. The Board having reviewed their CVs and had conducted the Fit and Proper assessments prior to their appointments.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board currently comprises nine (9) Directors which are made up of four (4) Independent Directors and five (5) Non-Independent Directors. The current Board composition presents a diverse mix of qualifications and experiences covering business, operations, manufacturing, accounting and engineering to enable appropriate checks and balances in the Board's decision-making process.</p> <p>Currently, the Chairman of the Board is an Independent Non-Executive Chairman.</p> <p>The Board noted that the board composition mentioned above is not aligned with the best practices of Malaysia Code on Corporate Governance ("MCCG"), which stipulates that at least half of the Board comprises independent Directors.</p> <p>The Board endeavours to seek suitable and calibre candidates as additional independent directors of the Company to apply the best practices of the MCCG.</p> <p>The profiles of the Independent Directors are disclosed in the Profile of Directors of the Annual Report.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company does not have a policy which limits the tenure of its Independent Directors to nine (9) years as required under Step Up Practice 5.4 of MCCG. The Board has set out policies and procedures to ensure effectiveness of the Independent Directors on the Board, including new appointment.</p> <p>The tenure of an Independent Non-Executive Director, as stated in the Board Charter, shall not exceed a cumulative term of nine (9) years. If the board intends to retain an independent director beyond nine (9) years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.</p> <p>As at the date of this Report, none of the Independent Directors have exceed a cumulative term of nine (9) years since his/her appointment.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Guided by the Fit and Proper Policy of the Company and the Terms of Reference of the Nomination Committee (“NC”), the NC will assess, evaluate and recommend a new member to the Board after taking into consideration the following criteria:</p> <ul style="list-style-type: none">• age, ethnicity, gender, skill and expertise, working experience, industry knowledge, educational qualification, integrity, competence and characteristics;• willingness and ability to discharge effectively the duties as a director, including the number of directorships in other public listed companies currently held by the candidate;• able to devote sufficient time and energy to the performance of his or her duties as a director; and• for the recommendation of an Independent Director, whether he/she meets the criteria of an Independent Director as specified by Practice Note 13 of the MMLR of Bursa Securities and whether he/she can act independently of management. <p>Following the resignation/retirement of Mr Wong Tze Kai and Dr Leong Chik Weng on 7 December 2022, the NC could not form its quorum and therefore, Board as a whole had reviewed, discussed, assessed and approved the appointment of Mr Neoh Lay Keong and Puan Siti Ruzainah Binti Abd Halim as Independent Non-Executive Directors on 17 January 2023. The Board having reviewed their CVs and had conducted the Fit and Proper assessments prior to their appointments.</p> <p>The announcements were made to Bursa Securities on 17 January 2023 and both newly appointed Directors had met the above criteria and satisfied with their background and experience for acting as the Independent Directors.</p> <p>The Managing Director and Executive Directors are also responsible for the appointment of Senior Management which was also made with due regard for diversity in skills and experience, gender, ethnicity, age, educational background and knowledge.</p> <p>The Company’s Fit and Proper Policy and Terms of Reference of the NC are published on the Company’s website at www.arank.com.my.</p>

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

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee (“NC”) is responsible to recommend candidates to the Board to fill in vacancies arising from resignation, retirement or other reasons or if there is a need to appoint additional Directors with the required skill or profession to the Board in order to close the competency gap in the Board identified by the NC. The potential candidate may be proposed by existing Directors, Senior Management, shareholders as well as making reference to business associates and professional bodies. Upon receipt of the proposal, the NC is responsible to conduct an assessment and evaluation on the proposed candidate.</p> <p>The Company Secretaries are tasked to ensure all appointments are properly made and all necessary information is obtained from the Directors, for the Company’s records and for the purposes of meeting statutory obligations as well as obligations arising from the MMLR of Bursa Securities.</p> <p>The NC is also entitled to obtain independent professional advice at the Company’s expense, if necessary.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Profile of Directors of the Annual Report contains the details of the Directors standing for re-election, and the Board set out the recommendation and justifications for the re-election of the Directors in the Notice of AGM dated 3 November 2023.</p> <p>The Board also ensures that shareholders are kept informed on the changes in the composition of the Board and Board Committees via announcements made to Bursa Securities.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The NC is chaired by Mr Neoh Lay Keong, who is an Independent Non-Executive Director of the Company.</p> <p>The Terms of Reference of the NC is available on the Company's website at www.arank.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board acknowledges the need to promote gender diversity in line with the MCCG and the Government's target for women to fill 30% or more of the decision-making positions in corporate Malaysia. While the Company does not have a specific target for female Directors on the Board, suitably qualified female candidates who can contribute to the diversity of the Board, will be considered for appointment in the event that vacancies for Directors arise or when a decision is made to increase the size of the Board.</p> <p>As at the date of this report, the Board composition has two (2) female Directors namely, Ms Leow Vinzie and Puan Siti Ruzainah Binti Abd Halim, who are Non-Independent Non-Executive Director and Independent Non-Executive Director respectively, which represents 22% of women Directors (2 out of 9 Directors).</p> <p>The profile of Ms Leow Vinzie and Puan Siti Ruzainah Binti Abd Halim are disclosed on the Profile of Directors of the Annual Report.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 5.10

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board acknowledges that gender diversity in Boardroom will allow different views and ideas from different gender perspective on a matter during deliberation. However, the Board does not formalise any gender diversity policy in the selection of new Board members.	
		The Board evaluates a candidate of new Board member by considering all the factors including ethical values and standards, career history, age, gender, ethnicity, skill and expertise, personal qualities, integrity, education background, capability and time to discharge duty as a director.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Board, through the NC, performed a formal and objective annual evaluation to determine the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director. Such evaluation also includes the evaluation of Independent Directors on their independences and that all assessments and evaluations by the NC would be properly documented.</p> <p>The evaluation is performed based on the feedback from the respective Directors to the following questionnaire and evaluation forms distributed annually:</p> <ul style="list-style-type: none">• Audit Committee Evaluation Questionnaire;• Audit Committee Members' Self and Peer Evaluation Form;• Board Skills Matrix Form;• Board and Board Committees Evaluation Form;• Directors' Evaluation Form; and• Independent Directors' Self-Assessment Checklist. <p>The following are the main evaluation criteria taken into consideration in assessing the performance:</p> <p>(a) Evaluation criteria for the Board</p> <ul style="list-style-type: none">• Board mix and composition;• Quality of information and decision making; and• Boardroom activities. <p>(b) Evaluation criteria for the Board Committees</p> <ul style="list-style-type: none">• Board Committees composition;• Quality of information and recommendations provided to the Board for decision making;• Knowledge and experience of the members of the Board Committees in discharging their duties;• Ability of the Board Committees to properly discharging their responsibilities;• Criteria used in appointment of Chairman of Board Committees; and• Quality of communications by the Board Committees.

	<p>(c) Evaluation criteria for the individual Directors</p> <ul style="list-style-type: none"> • Integrity and professional ethics; • Qualifications, knowledge and experience; • Participation in Boardroom deliberations; • Contribution to development of business strategy; • Contribution to risk management and internal control; and • Meeting attendance and willingness to devote time and effort to participate in events outside the Boardroom. <p>The summary of evaluation conducted in respect of the financial year ended 31 July 2023 was tabled to the NC on 26 September 2023 and recommended to the Board for review and notation.</p> <p>The Board was satisfied the annual assessment with the results of:</p> <p>(a) the current size and composition of the Board is appropriate and well-balanced with the right mix of skills;</p> <p>(b) the Board composition comprising individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its duties and responsibilities effectively; and</p> <p>(c) the level of independence demonstrated by all the Independent Directors and their ability to continue to exercise independent judgment.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board via the Remuneration Committee ("RC") implements the policies and procedures on the recommendation and review of the remunerations for Board members and Senior Management.</p> <p>The Board believes that competitive remunerations enable the Company to attract, retain and motivate the Directors and Senior Management. The remuneration packages are aligned with corporate objectives and take into consideration the complexity of the Company's business operations with reference to an individual's responsibilities and performances. Additionally, the Board also ensures that remunerations and incentives for Independent Directors are not in conflict with their obligations to bring objectivity, professionalism and independence of opinions on matters discussed at Board meetings.</p> <p>RC is responsible for recommending the remuneration framework for Directors as well as the remuneration packages of Executive Directors to the Board. None of the Executive Directors participate in any way in determining their individual remuneration. The Directors of the Company, who are also shareholders, had abstained from voting on the resolutions, in respect of their direct and indirect shareholdings, approving the payment of Directors' fees and benefits at the previous AGM held on 7 December 2022.</p> <p>The Managing Director and Executive Directors are responsible to determine the remuneration package of the Senior Management, with reference made to remuneration packages of similar positions in comparable companies within the industry.</p> <p>The remuneration packages of the Executive Directors and Senior Managements are structured in a way to link rewards to the performance of the Company as well as individual performance.</p> <p>The remuneration policy for Directors and Senior Management is included in the Terms of Reference of Remuneration Committee, which is published on the Company's website at www.arank.com.my.</p>

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

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had established a Remuneration Committee ("RC") to implement its policies and procedures in relation to the determination of remuneration package of Directors.</p> <p>RC comprises three (3) Non-Executive Directors of whom; two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The RC is chaired by Mr Neoh Lay Keong who is an Independent Non-Executive Director of the Company and other members of the RC are Tan Sri Datuk Leow Chong Howa and Mr Hong Cheong Liang.</p> <p>The Terms of Reference of RC which details the authority, duties and responsibilities of the RC is available on the Company's website at www.arank.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The following table discloses the details of the Directors' remuneration on a named basis for the financial year ended 31 July 2023.

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	Cheah Tek Kuang (Appointed on 13/10/2022)	Independent Director	48	4	0	0	0	0	52	48	4	0	0	0	0	52
2	Tan Sri Datuk Leow Chong Howa	Non-Executive Non-Independent Director	40	6	0	0	0	0	46	40	6	0	0	0	0	46
3	Tan Wan Lay	Executive Director	40	6	0	0	0	0	46	40	6	627	209	24	0	906
4	Gan Choon Sun	Executive Director	40	6	0	0	0	0	46	40	6	460	153	26	0	685
5	Leow Vinzie	Non-Executive Non-Independent Director	40	6	0	0	0	0	46	40	6	0	0	0	0	46
6	Leow Vinken	Executive Director	40	6	0	0	0	0	46	40	6	239	74	0	0	359
7	Hong Cheong Liang (Appointed on 13/10/2022)	Independent Director	32	4	0	0	0	0	36	32	4	0	0	0	0	36
8	Neoh Lay Keong (Appointed on 17/01/2023)	Independent Director	22	2	0	0	0	0	24	22	2	0	0	0	0	24
9	Siti Ruzainah Binti Abd Halim (Appointed on 17/01/2023)	Independent Director	22	2	0	0	0	0	24	22	2	0	0	0	0	24
10	Tuan Haji Ahmed Azhar Bin Abdullah (Resigned on 13/10/2022)	Independent Director	8	2	0	0	0	0	10	8	2	0	0	0	0	10

11	Dato' Shahrir Bin Abdul Jalil (Resigned on 07/12/2022)	Independent Director	16	3	0	0	0	0	19	16	3	0	0	0	0	19
12	Dr Leong Chik Weng (Retired on 07/12/2022)	Independent Director	14	3	0	0	0	0	17	14	3	0	0	0	0	17
13	Wong Tze Kai (Resigned on 07/12/2022)	Independent Director	14	3	0	0	11	0	28	14	3	0	0	11	0	28
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Applied – the company discloses the remuneration of members senior management who are not members of the board	
Explanation on application of the practice	:	The following table discloses on a named basis the remuneration of senior management that are not a Director of the Company for the financial year ended 31 July 2023.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Fam Lian Fatt	Administration and Purchasing Manager	200,001-250,000	Choose an item.	50,001-100,000	Choose an item.	Choose an item.	250,001-300,000
2	Tan Tze	Finance Manager	250,001-300,000	Choose an item.	50,001-100,000	Choose an item.	Choose an item.	300,001-350,000
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The positions of the Chairman of the Board and Chairman of the Audit Committee ("AC") of the Company are held by two separate individuals.</p> <p>The Chairman of the Board is Mr Cheah Tek Kuang, whereas the Chairman of the AC is Mr Hong Cheong Liang. Both are Independent Non-Executive Directors of the Company.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The AC has formalised a policy to require a former key audit partner to observe a cooling-off period of at least three (3) years prior to be appointed as a member of the AC.</p> <p>The detailed policy for appointment of AC member is stated in the Terms of Reference of AC which is available on the Company's website at www.arank.com.my.</p> <p>The Company has yet to appoint any former key audit partner as a member of the Board or AC thus far.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had adopted Policies and Procedures to assess the suitability, objectivity and independence of External Auditors on 29 June 2018 which set out, amongst other, the details relating to selection criteria for appointment/re-appointment of External Auditors and provision of non-audit services.</p> <p>In order to establish a transparent and appropriate relationship with External Auditors through the Audit Committee ("AC"). The AC will meet with the External Auditors without the presence of the Management at least twice (2) a year.</p> <p>The External Auditors have via its Audit Completion Report, had on 26 September 2023 confirmed to the AC that they have complied with the relevant ethical requirements regarding independence throughout the conduct of the audit engagement for the financial year ended 31 July 2023.</p> <p>Based on the latest yearly assessment of the suitability, objectivity and independence of the External Auditors carried out by AC on 26 September 2023, the AC is satisfied with the suitability and independence of the External Auditors and takes the following into consideration before making recommendation to the Board for the re-appointment of Messrs. BDO PLT as External Auditors, which is subject to the approval of shareholders at the forthcoming AGM:</p> <ul style="list-style-type: none">(a) the adequacy of the experience, audit quality and resources of the External Auditors;(b) the nature and extent of audit and non-audit services rendered, inclusive of appropriateness of level of fees; and(c) the level of independence of the External Auditors. <p>Therefore, the AC is satisfied that the External Auditors of the Company, Messrs. BDO PLT, have discharged their duties professionally, ethically and independently for the financial year ended 31 July 2023 before recommending to the Board for the re-appointment of Messrs. BDO PLT as External Auditors for the next financial year.</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

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman and members of the Audit Committee ("AC") have relevant accounting knowledge or related financial management expertise and experience to discharge the AC's duties and responsibilities. All members of the AC are able to understand, analyse and, when necessary, challenge the matters and issues under the purview of the AC, including the financial reporting process.</p> <p>The AC is led by Mr Hong, who is a Chartered Accountant and a member Malaysian Institute of Accountants, Certified Practising Accountants of Australia and Institute of Internal Auditors Malaysia. Mr Hong has extensive experience in the area of external financial audit, taxation, corporate advisory and corporate governance across a spectrum of industries of various types of companies. Further, he was very involved in the internal audit review and risk management planning and assessment of many listed issuers.</p> <p>Based on the outcome of the evaluation conducted by NC on the performance of AC and each of its members for the financial year ended 31 July 2023, the Board is satisfied that the AC had carried out its duties and responsibilities effectively as per its Terms of Reference and all AC members possess the appropriate experience which have added value and contributed to the overall effectiveness of the AC.</p> <p>During the financial year ended 31 July 2023, all the members of the AC attended professional development trainings. The record of training attended by AC members is disclosed in the Corporate Governance Overview Statement of the Annual Report. The AC also reviewed the unaudited quarterly and year-end results of the Group before recommending to the Board for approval.</p> <p>In addition, the AC is also regularly briefed by the External Auditors on any changes to the Malaysian Financial Reporting Standards and the International Financial Reporting Standards that would affect the Group's financial statements during the financial year under review.</p>

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

Intended Outcome

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

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

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility for maintaining a sound system of risk management and internal control in the Company and the Group. These controls provide reasonable but not absolute assurance against material misstatement, loss or fraud.</p> <p>The Board has in place a Risk Management Framework (“RMF”) to safeguard the interest of the shareholders, employees, customers and other stakeholders. The implementation of the RMF is carried out by the Risk Management Committee (“RMC”), which is headed by the Managing Director and assisted by the Executive Directors and respective Head of department. The RMC submit the reports to the Audit Committee on its findings on a half yearly basis and the AC will report to the Board accordingly.</p> <p>The internal audit function is outsourced to ASAP Advisory PLT, a professional service firm (the “Outsourced Internal Auditors”).</p> <p>The internal audit was carried out in accordance with the <i>International Professional Practices Framework</i> (“IPPF”) issued by the Institute of Internal Auditors and adopts a risk-based approach and prepares its audit strategy and plans based on the risk profiles of individual business unit of the Group. The risk assessment of the Group is carried out by the Outsourced Internal Auditors to identify and review the risk register prepared by the Management to reflect existing operations and markets conditions.</p> <p>The Outsourced Internal Auditors will report directly to AC on the key risk related issues and the Audit Committee shall report to the Board on the status of the risk management process.</p> <p>For the financial year ended 31 July 2023, the Board has received assurances from the Managing Director and the Finance Manager that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects. There are no significant areas of concern that may affect the financial, operational and compliance controls.</p> <p>The information on risk management and internal control are set out in the Corporate Governance Overview Statement and Statement on Risk Management and Internal Control in the Annual Report.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board and AC, through the Risk Management Committee ("RMC") oversee the Group's risk management framework and policies, approve appropriate risk management practices and procedures to ensure effectiveness of risk identification, management and monitoring to safeguard the interest, and meet the expectations of its shareholders, employees, customers, other stakeholders and the many communities in which the Group conducts its business.</p> <p>This involves:</p> <ul style="list-style-type: none">• enhancing strategic competitiveness and operational efficiency that increases long term shareholders' value;• minimising unexpected impact to earnings and returns to shareholders;• safeguarding valuable assets and resources;• balancing expectations of various stakeholders; and• meeting existing regulatory requirements on risk management. <p>The RMC reviews and recommends for the AC and Board's consideration and approval, the risk management principles, frameworks and policies for managing risks within the Group.</p> <p>The RMC submit the reports to the AC on its findings on a half yearly basis and the AC will report to the Board accordingly.</p> <p>In addition, the RMC is also assisted by the Outsourced Internal Auditors in the implementation of risk management i.e. coordinating and reporting (risk management function) and reviewing of risks status (internal audit function). The Outsourced Internal Auditors reviews will also identify any new potential risk that could affect the financial position, operational processes and goodwill of the Company. Overall, there were no significant risks identified. All identified risks are within manageable level in accordance with the risk appetite of the Group.</p> <p>The Statement on Risk Management and Internal Control ("SORMIC") in the Annual Report provides an overview of the state of risk management and internal controls within the Group.</p> <p>As required by Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed the SORMIC in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3"), for inclusion in the Annual Report for the financial year ended 31 July 2023 and reported that nothing has come to their attention that causes them to believe that the SORMIC included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the SORMIC Guidelines, nor is the SORMIC factually inaccurate.</p>

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

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is outsourced to an independent professional firm, ASAP Advisory PLT (the “Outsourced Internal Auditors”). The responsibilities of the Outsourced Internal Auditors include conducting audits, submitting findings and the provision of independent report to the AC on the Group’s systems of internal controls. Being an independent function, the audit work is conducted with impartiality, proficiency and due professional care. The audits are carried out to ensure instituted controls are appropriate, effectively applied and within acceptable risk exposures and consistent with the Group’s risk management policy. The Outsourced Internal Auditors reports directly to the AC and audit findings and recommendations are communicated to the Board.</p> <p>In performing its duties, the Outsourced Internal Auditors have free and unfettered access to information and to meet with any of the department heads or persons-in-charge. The identified audit findings and recommendations are followed up by the Outsourced Internal Auditors and the status is reported to the AC.</p> <p>During the financial year under review, the Outsourced Internal Auditors carried out periodic internal audit reviews in accordance with the approved internal audit plan to monitor compliance with the Group’s procedures and to review the adequacy and effectiveness of the Group’s system of risk management and internal control. The results of these reviews have been presented to the AC at their scheduled meetings. Follow up reviews were also conducted to ensure that the recommendations for improvement have been implemented by Management on a timely basis.</p> <p>On 26 September 2023, the AC has performed an annual assessment of the performance of the Outsourced Internal Auditors and was satisfied with the adequacy of the scope, function, competency and resources of the Outsourced Internal Auditors and was of the view that they have the necessary authority to carry out their work during the financial year under review.</p> <p>Details of the Group’s internal control system and risk framework are set out in the Audit Committee Report and Statement on Risk Management and Internal Control of Annual Report.</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

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

Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>Currently, the internal audit function is outsourced to ASAP Advisory PLT, a professional service firm (the “Outsourced Internal Auditors”). The Outsourced Internal Auditors is headed by its managing partner, Mr Ong Tian Soon (“Mr Ong”), who is a Member of Institute of Internal Auditors Malaysia. Mr Ong is also a Member of Malaysian Institute of Accountants, fellow Member of Chartered Institute of Management Accountants, Member of Chartered Global Management Account, Certified ISO 37001 Implementer – Anti-Bribery Management Systems and Certified Lead Risk Manager in ISO 31000 – Risk Management. Mr Ong has more than sixteen (16) years of internal audit and risk management experience.</p> <p>During the financial year ended 31 July 2023, the Outsourced Internal Auditors has assigned three (3) staff to provide internal audit services. The Outsourced Internal Auditors performed its work in accordance with a recognised framework such as the <i>International Professional Practices Framework</i> (“IPPF”) issued by the Institute of Internal Auditors. The internal audit function has been mandated to continually assess and monitor the Group’s system of internal control. The internal audit function adopts a risk-based approach and prepares its audit strategy and plans based on the risk profiles of individual business unit of the Group. Premised on the performance assessment by the AC and feedback from the Management Team, the AC is satisfied that the internal auditors are free from any relationships or conflicts of interest with those involved which could impair their objectivity and independence and is capable of carrying out internal audit reviews.</p> <p>None of the persons involved have any family relationship with the Directors or Company which could result in the conflict of interest and/or impairment of the objectivity and independence during the internal audit review.</p> <p>Total costs paid to Outsourced Internal Auditors for the financial year ended 31 July 2023 amounted to RM26,000.</p>
Explanation for departure	:	

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

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of maintaining an effective communication channel between the Board, shareholders and other stakeholders for timely dissemination of information. To facilitate this process, the Board has formalised a Corporate Disclosure Policy with regards to the handling and disclosing of material information to the public.</p> <p>Besides the direct communication and interaction with shareholders at the Company's general meetings, shareholders and other stakeholders are informed of all material matters affecting the Company through announcements made to Bursa Securities as well as the Company's website including quarterly financial results, Annual Reports, Circulars and other information.</p> <p>Apart from adhering to and complying with the disclosure requirements of the MMLR of Bursa Securities, the Board also observes the Corporate Disclosure Guide issued by Bursa Securities.</p> <p>The AGM or Extraordinary General Meeting ("EGM") serves as the principal forum for direct interaction and dialogue among shareholders, Board and Management. The AGM or EGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance and other matters of concern. Shareholders are encouraged to actively participate in the question and answer ("Q&A") session. The Board, Management and/or the External Auditors are available to respond to shareholders' enquiries and provide appropriate clarifications at the general meetings.</p> <p>The Company's official website, www.arank.com.my, also served as a platform to communicate with the shareholders, investors and other stakeholders. Important information including corporate information, production facilities, type of products and other investor relation information are uploaded to the website and will be updated regularly to keep the information up to date. Besides, documents pertaining to corporate governance of the Company such as Board Charter, Terms of Reference of Board Committees and other policies are also made available on the Company's website.</p>
Explanation for departure	:	

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

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

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

Intended Outcome

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

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	<p>At the last AGM, the Annual Report and Notice of the AGM for the financial year ended 31 July 2022 were published on the Company's website at https://www.arank.com.my/agm2022/ and made available to the shareholders on 4 November 2022, thirty-three (33) days prior to the AGM which was held on 7 December 2022. The Notice of AGM was also published in a nationally circulated newspaper concurrently.</p> <p>The Company will continue to give not less than twenty-eight (28) days' notice period for the forthcoming AGM for financial year ended 31 July 2023.</p> <p>The notes to the Notice of AGM also provided detailed explanations for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.</p> <p>Along with the Notice of AGM, a detailed Administrative Guide was also circulated to all shareholders to guide them on participating in the Company's fully virtual AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>At the last AGM held on 7 December 2022, which was conducted on a fully virtual basis, all Directors participated in the meeting to engage directly with shareholders, corporate representatives and proxies.</p> <p>Shareholders were invited to send questions in advance of the meeting pertaining to the Company's accounts and proposed resolutions, or via the real time submission of typed texts during the live streaming of the AGM. The Chairman also provides sufficient time for the Q&A sessions during the AGM. The Management, External Auditors and Company Secretary were in attendance to respond to the shareholders' queries, where applicable or necessary.</p> <p>The summary of the key matters discussed In the last AGM is published on the Company's website at www.arank.com.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has leveraged technology to facilitate remote shareholders' participation and electronic voting in conducting a poll on the resolutions in general meetings.</p> <p>The Company conducted its fully virtual AGM held on 7 December 2022. Shareholders were able to participate in the meetings using the remote participation and voting ("RPV") facilities through the online meeting platform, TIIH Online, provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") in Malaysia via its website at https://tiih.online or https://tiih.com.my.</p> <p>Shareholders and proxies were also allowed to vote in the AGM. The Company issued a step-by-step Administrative Note along with the Notice of the AGM to assist the shareholders with registering, participating, and voting using the RPV facilities.</p> <p>For the last AGM, the Company relied on Tricor to protect the shareholders' data privacy and security to prevent cyber threats.</p> <p>The poll results detailing the number of votes cast for and against each resolution and the respective percentages were announced via Bursa LINK after 5:00 p.m. on the same day.</p> <p>The Company forthcoming AGM is scheduled to be held on 5 December 2023 and it will be held on a fully virtual basis.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: The Board recognises that general meetings are a valuable opportunity for the Board to engage with the shareholders of the Company. In order to enhance the efficiency of the proceedings of the Annual General Meeting ("AGM"), shareholders may in advance, before the AGM, submit questions to the Board of Directors via Tricor's TIH Online website at https://tjih.online , by selecting "e-Services" to login, post your questions and submit it electronically no later than Sunday, 3 December 2023. The Board of Directors will endeavor to address the questions received at the AGM. Shareholders were also allowed to raise questions during the AGM before polling began. The Board was committed to answering as many questions as permitted. The meeting minutes, including all the questions posed by the shareholders and the correspondence answers from the Board, were subsequently uploaded to the Company's website not later than thirty (30) business days after the conclusion of the AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Applied
Explanation on application of the practice	: The Company had on 7 December 2022 held its AGM on fully virtual basis. Shareholders were able to participate in the meetings using the RPV facilities through the online meeting platform, TIIH Online, provided by Tricor in Malaysia via its website at https://tiah.online or https://tiah.com.my . Shareholders and proxies were also allowed to vote in the AGM. The Company issued a step-by-step Administrative Guide along with the Notice of the AGM to assist the shareholders with registering, participating, and voting using the RPV facilities. All shareholders' questions were made visible to all participants during the meetings. The Company forthcoming AGM is scheduled to be held on 5 December 2023 will be held on a fully virtual basis.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The minutes of the AGM held on 7 December 2022 were published on the Company's website within thirty (30) business days after the general meeting.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**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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