

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7154
COMPANY NAME : Caely Holdings Bhd
FINANCIAL PERIOD : June 30, 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the objectives, policies and overall management of the Company and its subsidiaries ("Caely Group"). Therefore, the Board is ultimately accountable and responsible to the performance of Caely Group.</p> <p>The Board delegated certain responsibilities and duties to the Board Committees which operate within the Terms of Reference approved by the Board. These committees include the Risk Management and Audit Committee, Nomination Committee and Remuneration Committee. Key matters arising from committee meetings will be reported to the Board with recommendations to seek for Board's approval.</p> <p>The Board meets quarterly to review and deliberate the corporate strategies, including both operational and financial performance of the respective business segments within Caely Group. Any management proposals which required the Board's approval would be tabled for discussion and adoption prior to implementation. Subsequent updates will be tabled at the Board meetings for notation.</p> <p>The Board Charter is published on the Company's website, www.caelyholdings.com.</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 1.2

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 Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board and its relations with shareholders and other stakeholders.</p> <p>The roles and responsibilities of the Executive Chairman of the Board are:-</p> <ul style="list-style-type: none"> • Leading the Board in establishing and monitoring good corporate governance practices in Caely Group. • Setting the board agenda for each meeting with the assistance of the Company Secretaries and ensuring the Board members receive complete and accurate information in a timely manner. • Chairing Board meetings and to encourage active participation from the Board members. Dissenting views are allowed to be freely expressed and discussed, while promoting constructive contributions from the Board members. • Ensuring an efficient organisation and conduct of the Board's function and meetings. • Chairing general meetings of the Company and providing clarification on issues that may be raised by the shareholders. • Ensuring effective communication with shareholders and other relevant stakeholders. • Performing other responsibilities assigned by the Board from time to time.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>During financial period ended 30 June 2022 ("FPE2022"), the position of Executive Chairman and Chief Executive Officer were held by two different individuals with clear segregation of duties defined in the Board Charter.</p> <p>The Executive Chairman at that point in time was involved in the overall strategic planning and goals with the aims of bringing values to Caely Group's shareholders and stakeholders.</p> <p>The Chief Executive Officer at that point in time was responsible to work out the details and implement the strategic plans set by the Board. He worked together with the management team on the overall business and day-to-day operations with the strategic goals in mind.</p> <p>Both the Executive Chairman and Chief Executive Officer conduct regular meetings and discussions to update and analyse the progressive stage, adjusting and rectifying where necessary, to ensure that the strategic plans are achieved.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

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'.	
Application	: Applied
Explanation on application of the practice	: During FPE2022, the Chairman of the Board was not a member of the Risk Management, Audit, Nominating or Remuneration Committees.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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>During FPE2022, the Board was supported by Company Secretaries, whom are associate members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"), and Licensed Secretary from Companies Commission of Malaysia.</p> <p>During FPE2022, the primary responsibilities of the Company Secretary were as follows:</p> <p>Provide support to the Board in fulfilling its fiduciary duties. Ensure compliance with regulatory requirements. Ensure adherence to board policies and procedures, rules, relevant laws and corporate governance best practices. Attend meetings and ensure that the due processes and proceedings are in place and properly managed. All deliberations at the meetings are well recorded, minuted and documented. Ensure proper upkeep of statutory register and records.</p> <p>During FPE2022, the Board has unrestricted access to the advice and services of the Company Secretary.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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>During FPE2022, all Board members are provided with information in a timely manner. Timely circulation of proper notice of meeting together with the agenda and board papers is to allow reasonable time for Directors to read the Board papers prior to the Board meeting.</p> <p>The deliberations and decisions made at Board meeting are well documented in the minutes. The status of actions taken with reference to the previous minutes of meetings is updated in the matter arising for the Board's notation and further deliberation.</p> <p>The signed Board minutes of each meeting are kept at the registered office of the Company and are available for inspection by any Director during the office hour.</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 has adopted a Board Charter which clearly identifies the respective roles and responsibilities of the Board, Board Committees and the Management.</p> <p>The Company would ensure that the Board Charter is in line with the changes in legislation and best practices, and remains consistent with the Board's objectives and responsibilities.</p> <p>The Board Charter is published on the Company's website at www.caelyholdings.com.</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>In compliance with the Main Market Listing Requirements ("MMLR") and Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Company adopts the Anti-Bribery and Anti-Corruption (ABAC) Policy which governs the prevention of corruption and unethical practices within Caely Group. The ABAC Manual sets forth the policy statement and guidelines on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.</p> <p>The Board has also adopted a Code of Ethics for Company Directors and a Code of Conduct and Ethics for all the employees.</p> <p>ABAC Policy and the abovementioned codes are published on the Company's website at www.caelyholdings.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established and adopted a Whistleblowing Policies and Procedures which enables employees and stakeholders to report genuine concerns about unethical behaviours and malpractices, illegal acts or failure to comply with the regulatory requirements.</p> <p>The Whistleblowing Policies and Procedures provides an avenue for employees and stakeholders to report any breach or suspected breach, in a secured and confidential manner.</p> <p>The Whistleblowing Policies and Procedures is published on the Company's website at www.caelyholdings.com.</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 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	:	Key responsibilities of the Board under the Board Charter include to review, approve and implement strategic initiatives that support long term value creation and sustainable strategic business development. In achieving this, the Board has incorporated key sustainability matters into meeting agendas of the Group's meetings. Our sustainability related activities undertaken and targets set out by the Company have been disclosed in the Sustainability Statement of the Company's Annual Report for FPE2022
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 has established a transparent communication with the Group's internal and external stakeholders to ensure they are aware of the Group's sustainability strategies, targets and performances.</p> <p>Our engagement with stakeholders allow us to gain more complete understanding on our materiality issues and matters. Whilst, we are also able to capture the key aspects and impacts of our sustainability journey.</p> <p>The details pertaining to the stakeholders' engagement are disclosed in the Sustainability Statement of the Annual Report FPE2022.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3 - Step Up

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 adoption of the practice	:	<p>The Board is aware of the importance of sustainability creation and has identified its stakeholder engagement groups as well as relevant areas of sustainable management in the Company's Sustainability Statement as set out in the Company's Annual Report for the FPE 2022.</p> <p>During FPE2022, the Directors had attended sustainability or Environmental, Social and Governance ("ESG") related training to make effort and to ensure up-to-date on sustainability issues relevant to our company and business.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to ensure that the Directors of the Company possess a broad balances of skills, knowledge, experience, strengths, independence (where applicable) and diversity.</p> <p>The Nomination Committee is responsible to recommend to the Board for the appointment of any new Director to ensure multiple facets of diversity will be taken into consideration in nominating quality candidates to be appointed to the Board.</p> <p>Selection of senior management is also based on objective criteria and merit, with due regard to diversity in skills, experience, age and background.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5 - Step Up

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

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

Application :	Not Adopted
Explanation on application 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	:	The Nomination Committee ("NC") oversees and reviews the overall composition of the Board in terms of size, the required mix of skills, experience and other qualities and core competencies for the Directors of the Company. The effectiveness of the Board as a whole and the Board Committees will also be assessed by the NC on an annual 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

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 board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on application of the practice	:	As at 30 June 2022, the Board comprised four (4) Directors, of whom two (2) are Independent Non-Executive Directors. In this respect, the Board has complied with Listing Requirements of Bursa Malaysia Securities Berhad to have at least one-third (1/3) of the Board membership consisting of Independent Directors.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.3

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	:	None of the Independent Directors has exceeded a cumulative term of nine (9) years in the Company as for the FPE 2022.
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 limited 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	:	Adopted
Explanation on application of the practice	:	The Board has adopted the 9-year tenure for independent Directors and this was set out in the Board Charter.

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	:	During FPE2022, the Board appointed its members through recommendation of the Nomination Committee vide circular resolution passed by the Nomination 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

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	:	In searching for suitable candidates, the Board, through the NC, may receive suggestions from existing Board Members, Management, and major shareholders. The NC is also open to referrals from external sources available such as industry and professional associations or engage professional recruitment firms to facilitate the search. The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender.
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 interest 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	:	Adopted
Explanation on adoption of the practice	:	The details of each Director including interest and position are provided in the Directors' profile of the Annual Report. The performance of retiring Directors who are recommended for re-election at the forthcoming AGM have been assessed by the Board through its NC. The evaluations also include the independence of the Independent Non-Executive Director.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied
Explanation on application of the practice	:	During FPE2022, the NC was chaired by an Independent Director of the Board. The NC Chairman led the annual review of Board effectiveness, ensuring that the performance of the Directors was assessed.
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	:	<p>During FPE2022, the Board comprised of one (1) female director, namely Datin Fong Nyok Yoon, representing 20% female director representation in the Board.</p> <p>The Board acknowledges the implementation of boardroom diversity and takes cognisance of the recommendation at the MCCG to have 30% women directors.</p> <p>Female representation on the Board will be considered should vacancies arise and suitable candidates are identified.</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 5.10

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>As at 30 June 2022, the Board did not establish any diversity policy for the Board and workforce in terms of gender, age and ethnicity or setting any target as they were of the view that appointment of directors and senior management should be based strictly on merits and not driven by any nationality, racial, age or gender bias.</p> <p>The above was disclosed in the Corporate Governance Overview Statement of Annual Report 2022.</p> <p>The current Board is in the mindst of preparing a diversity policy.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 6.1

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

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

Note : For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage and independent expert at least every three years to facilitate the evaluation.	
Application	: Applied
Explanation on application of the practice	: The NC conducts an annual assessment which involves Directors and Board Committees' members completing separate evaluation questionnaires regarding the processes of the Board and its Committees and their effectiveness. The following key aspects were considered in the assessments: <ul style="list-style-type: none"> a) Appropriate size, composition, independence, mix of skills and experience within the Board and the Board Committees; b) Clear definition of the Board and Board Committees' roles and responsibilities; c) The functions of the Board and Board Committees; d) Open communication of information and active participation with Board and Board Committees; and e) Proper discharge of responsibilities and leadership by the Chairman of the Board and Board Committee(s). <p>All assessments and evaluations carried out will be documented and minuted by the Company Secretary. The results of all assessments and comments by Individual Directors are summarised and deliberated at the NC meeting and thereafter the NC reports to the Board for its deliberation and approval.</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 7.1

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 Remuneration Committee ("RC") is responsible for carrying out annual reviews where upon recommendations are submitted to the Board on the overall remuneration policy for directors, to ensure that the remuneration policy remains in support of its corporate objectives and shareholder value and is in tandem with its culture and strategy. The roles and responsibilities of the RC are set out in the RC's term of reference, which is published on the Group's website at : www.caelyholdings.com.</p> <p>The details of the Directors' remuneration on a named basis and paid by the Group (including the components of directors' fees, salary, bonus, benefit in-kind and other emoluments) during the FY 2022 are disclosed in the Corporate Governance Overview Statement of the Company's Annual Report for FPE2022.</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	:	During FPE2022, the RC comprised majority of Independent Non-Executive Directors, was authorised by the Board to oversee and review the level and composition of Directors' remuneration. The Terms of Reference of the RC is available on the Company's website at www.caelyholdings.com .
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 7.3

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

Application	:	Applied
Explanation on application of the practice	:	The details of the remuneration for each Director of the Company on named basis are disclosed herein.
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 7.4

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
Explanation on application of the practice	:	Dato' Wira Ng Chun Hau, the Executive Chairman, Datin Fong Nyok Yoon, the Executive Director, Dato' Chuah Chin Lai, the Director of a subsidiary, Mr. Chuah Lim Tai, the General Manager, Mr. Lim Chee Pang, the Chief Executive Officer and Mr. Gok Ching Hee, the Chief Executive Officer cum Chief Financial Officer were the top six (6) senior management and their remuneration for FPE 2022 are disclosed herein.
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 7.4 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The detailed remuneration of each member of Senior Management on a named basis for FPE2022 disclosed herein.

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 8.1

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

Application	:	Applied
Explanation on application of the practice	:	During FPE2022, the Chairman of the Audit Committee was an Independent Non-Executive Director and he was not the Chairman of the Board.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns 9below.</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 8.2

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

Application	:	Applied
Explanation on application of the practice	:	The policy on observation of a cooling-off period of at least two (2) years for a former key audit partner prior to the appointment as a member of the Audit Committee was incorporated in the Terms of Reference of Audit Committee. The Terms of Reference of Audit Committee is published on the Company's website, www.caelyholdings.com .
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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee is responsible to conduct an annual evaluation to assess the suitability, objectivity and independence of the external auditors based on the procedures mandated in the Terms of Reference.</p> <p>The Audit Committee has also obtained assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement.</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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	During FPE2022, the Audit Committee members comprised solely Independent 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 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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 members of the Audit Committee have the necessary skills and experience to discharge its duties and are financial literate. The profiles of the members are provided in the Annual Report.</p> <p>During FPE2022, the Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants.</p> <p>The Audit Committee members during FPE2022 had attended relevant training programme to assist in discharging their duties effectively.</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 8.6

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 Audit Committee is responsible to conduct an annual evaluation to assess the suitability, objectivity and independence of the external auditors based on the procedures mandated in the Terms of Reference.</p> <p>The Audit Committee has also obtained assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement.</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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board has established the risk management and internal control framework and policies to identify, evaluate and manage the principal risk of the corporate business.
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 9.2

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>A statement on the Internal Audit function with the required disclosure is available under the Risk Management and Audit Committee Report in the Company's Annual Report.</p> <p>The Board, via the Audit Committee reviews Caely Group's risk profile and ensure that the principal risks identified, evaluated and reported by the Management are managed within Caely Group's risk appetite and risk tolerance level. The Board is assisted by the Management to ensure that good internal control and risk management practices are implemented for managing the principal business risks of Caely Group.</p> <p>Internal control and risk related matters which warranted the attention of the Board, were highlighted in the quarterly Board meetings.</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 9.3 - Step Up

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	:	The characteristics of the Group's risk management and internal control framework and the adequacy and effectiveness of this framework are disclosed in the Risk Management and Internal Control Statement, which can be found in the Company's Annual Report FPE 2022.
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 have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has appointed RSM Corporate Consulting (Malaysia) Sdn. Bhd., an independent professional service firm to provide independent advices to the Board on the effectiveness and adequacy of Caely Group's system of internal control. The Internal Auditors reports directly to Audit Committee.</p> <p>Internal audit findings and investigations carried out by the Internal Auditors are tabled at the Audit Committee Meeting on a quarterly basis.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function has been outsourced to an external party, RSM Corporate Consulting (Malaysia) Sdn Bhd (“RSM”) and under the leadership of Mr. Joe Lee Yaw Joo to ensure that the internal audit engagement is carried out effectively.</p> <p>The Internal Auditors report directly to the AC. This reporting relationship promotes independence and objectivity, which assures adequate consideration of audit recommendations and planned corrective actions, and gives the Internal Audit staff the authority needed for full, free and unrestricted access to all operations, records, within the Group.</p> <p>The Internal audit function is guided by The International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.</p> <p>The audit personnel from RSM are free from any relationships or conflicts of interest, which could impair the objectivity and independence of the audit review.</p> <p>Details of the audit personnel from RSM are set out in the SORMIC Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is 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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board ensures that the Company announcements are disseminated on timely basis to the shareholders via Bursa LINK and the Company's website.</p> <p>The Board also ensures shareholders are given the opportunity to express their concerns and seek clarifications during the Company's General Meetings, in order to achieve an effective and transparent communication with its shareholders.</p> <p>The corporate disclosure policies and procedures is available on the Company's website at www.caelyholdings.com.</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 11.2

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

Application	:	Not Applicable
Explanation on application of the practice	:	
Explanation for departure	:	The Company is not a large company.
<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 12.1

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>The Notice of the last Annual General Meeting (“AGM”) was circulated to the Shareholders more than 28 days before the Annual General Meeting.</p> <p>In addition, the Notice of the Annual General Meeting was also published in a nationally circulated newspapers alongside an announcement on website of Bursa Malaysia Securities Berhad and 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

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

Practice 12.2

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	:	At the last AGM and Extraordinary General Meeting (“EGM”) of the Company held on 22 September 2021 & 30 November 2021 all Directors attended the said General Meetings. The Chairman and members of the Audit Committee, Nomination Committee and Remuneration Committee were also present at the General Meetings to address shareholders’ questions and queries.
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 12.3

Listed companies should should leverage technology to facilitate-

- 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 including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>In line with the Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions put to the General Meetings will be voted via electronic polling and Independent Scrutineer will be appointed to validate the votes casted at the General Meetings.</p> <p>The former Board conducted the last AGM and EGM fully "virtual" Shareholders had participated and voted remotely via the Remote Participation and Voting (RPV) facility.</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 13.1

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 provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

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.	
Application :	Applied
Explanation on application of the practice :	The Chairman of the Board ensures that sufficient opportunities were given to shareholders and proxies to raise questions relating to the affairs of the Company and that adequate responses are given.
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

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. Question posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note : The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.	
Application :	Applied
Explanation on application of the practice :	During FPE2022, the Board had ensured that the required infrastructure and tools were in placed to enable the smooth broadcast of the last AGM and EGM. The questions posed by the shareholders were responded by the Directors and published on the Company's website under key matters discussed.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.3

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

Note : The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meetings.	
Application	: Applied
Explanation on application of the practice	: The Minutes of the last AGM, which includes the questions raised by shareholders together with the responses by the Company and outcome of the voting results, was made available to the shareholders within thirty (30) business days after the said AGM at www.caelyholdings.com
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

Not Applicable
