

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0256  
**COMPANY NAME** : UMediC Group 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 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.

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| <b>Application</b>                                | : Applied   |
| <b>Explanation on application of the practice</b> | <p>Our Board is entrusted to oversee the overall management of the business affairs of our Group; determine all major policies; ensure effective strategies and management are in place; assess the performance of our Group and our management team; and review the systems of risk management and internal control of our Group.</p> <p>When implementing the business plan, our Executive Director/ Chief Executive Officer is responsible for executing corporate decisions made by our Board while the Non-Executive Directors scrutinise the management performance by providing independent views and advice in the interests of the shareholders at large.</p> <p>In order to ensure that the obligations to our shareholders and other stakeholders are understood, our Board has defined and collectively reviewed and approved the roles and responsibilities in the Board Charter, which can be found in our Company's website at <a href="http://www.umedic.com.my">www.umedic.com.my</a>.</p> <p>To facilitate the discharging of duties, our Board has established and delegated certain responsibilities to the various committees with each committee having its own set of Terms of Reference ("TOR"), which are made available on our Company's website at <a href="http://www.umedic.com.my">www.umedic.com.my</a>. The Board Committees are as follows:</p> <ul style="list-style-type: none"><li>• Audit and Risk Management Committee ("ARMC");</li><li>• Nomination Committee ("NC"); and</li><li>• Remuneration Committee ("RC").</li></ul> <p>During the year, our Board has reviewed and approved the following:</p> <ul style="list-style-type: none"><li>• Report by Audit and Risk Management Committee Chairman, Nomination Committee Chairman and</li></ul> |

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|  | <ul style="list-style-type: none"> <li>• Remuneration Committee Chairman;</li> <li>• Approval of quarterly results;</li> <li>• Approval of contents of annual report;</li> <li>• Review and approval of the Board Charter, Code of Conduct, Anti-Bribery and Anti-Corruption Policies and Whistle Blowing Policy; and</li> <li>• Business updates by the Executive Director/Chief Executive Officer.</li> </ul> |
| <b>Explanation for departure</b> :   |   |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |
| <b>Measure</b> :   |   |
| <b>Timeframe</b> :   |   |

## Intended Outcome

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

### Practice 1.2

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

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| <b>Application</b>  | : | Applied  |
| <b>Explanation on application of the practice</b>   | : | <p>Our Board is chaired by Dato' Ng Chai Eng, a Non-Independent Non-Executive Chairman.</p> <p>As the Chairman of the Board, Dato' Ng Chai Eng is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. The Chairman is required, amongst others, to undertake the following responsibilities:</p> <ul style="list-style-type: none"> <li>• Leadership of the Board;</li> <li>• Overseeing the Board in discharging of its fiduciary duties;</li> <li>• Setting the Board agenda with consultation with the Secretary, Board members and Management; and ensuring efficient and effective conduct of the Board meetings;</li> <li>• Ensuring the provision of accurate, timely and clear information to members of the Board;</li> <li>• Ensuring effective conduct of general meetings and allows shareholders to participate actively in such meetings;</li> <li>• Ensuring effective communication between the Board and the shareholders and stakeholders and that their views are communicated to the Board;</li> <li>• Promoting constructive and respectful relations between Board members and between the Board and Management;</li> <li>• Acting on the results of board performance evaluation by recognising the strengths and addressing the weaknesses of the Board; and</li> <li>• Leading the Board in the adoption and implementation of good corporate governance practices.</li> </ul> <p>The role and responsibilities of the Chairman are enunciated in the Board Charter, which is made available on our Company's website at <a href="http://www.umedic.com.my">www.umedic.com.my</a>.</p> |
| <b>Explanation for departure</b>  | : |  |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |  |

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| <b>Measure</b>   | : |  |  |
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## 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.

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| <b>Application</b>  | : | Applied  |
| <b>Explanation on application of the practice</b>   | : | <p>Our Board recognises the importance of separation of authority between the Chairman and Chief Executive Officer ("CEO") to promote accountability and facilitate division of responsibilities. This approach not only safeguards the interest of our stakeholders but also facilitates effective governance within the organisation. Presently, the positions of Board Chairman and Group CEO are held by different Individuals.</p> <p>Our Board is headed by Dato' Ng Chai Eng, a Non-Independent Non-Executive Chairman whereas our Group CEO is Lim Taw Seong. The role of the Board Chairman is to ensure the effective functioning of the Board while the key role of the Group CEO is to lead and manage the Group's operations and execute the decisions made by the Board.</p> <p>The distinct and separate roles and responsibilities of the Board Chairman and Group CEO are clearly stated in Board Charter, which is available on our Company's website at <a href="http://www.umedic.com.my">www.umedic.com.my</a>.</p> |
| <b>Explanation for departure</b>  | : |  |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |  |
| <b>Measure</b>  | : |  |
| <b>Timeframe</b>  | : |  |

**Intended Outcome**

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'.*

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Chairman, Dato' Ng Chai Eng, is not a member of the Audit and Risk Management Committee, Nomination Committee or Remuneration Committee. |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### Intended Outcome

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

### Practice 1.5

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

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>Presently, our Board is assisted by a qualified and competent Chartered Secretary, Ooi Yoong Yoong (MAICSA 7020753), who is an associate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").</p> <p>The Company Secretary assists our Board in discharging its duties with regard to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices.</p> <p>The Company Secretary keeps the Board informed of new legislation in ensuring compliance with the latest regulatory requirements. All Board members have unrestricted access to the advice and services of the Company Secretary. The decision for appointing and removing the Company Secretary rests with the Board.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
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**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.

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| <b>Application</b>  | : | Applied  |
| <b>Explanation on application of the practice</b>   | : | <p>Our Board understands that quality of information affects the effectiveness of our Board to oversee the conduct of business and to evaluate the Management's performance of our Group.</p> <p>Information and materials that are important to our Board's understanding of the business to be conducted at a Board or committee meeting shall be distributed to the Directors prior to the meeting in order to provide ample time for review beforehand. As stated in the Board Charter, notice of Board meetings shall be issued at least five (5) working days prior to the meeting.</p> <p>Upon conclusion of meeting, the Company Secretary will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes are circulated to the Board members before the next meetings.</p> <p>During FYE 2023, there were five (5) meetings held and all the Board Papers were circulated to our Board in a timely manner.</p> |
| <b>Explanation for departure</b>  | : |  |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |  |
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**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.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>Our Board has defined its Board Charter setting out the roles, duties and responsibilities of the Board, Chairman, CEO, individual directors, issues and decisions reserved for the Board’s approval.</p> <p>Our Board has also defined the terms of reference of its Board Committees, namely the Audit and Risk Management, Nomination and Remuneration Committees respectively. These Board Committees are responsible to carry out their functions and responsibilities in accordance with their respective terms of reference and to report to our Board.</p> <p>The Board Charter, Code of Conduct, Whistleblowing Policy, Anti-Bribery and Anti-Corruption Policy as well as the terms of reference of the Board Committees are also posted on our Company’s website at <a href="http://www.umedic.com.my">www.umedic.com.my</a>.</p> <p>In FYE 2023, the Board has reviewed and approved the Board Charter.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
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## Intended Outcome

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

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

### Practice 3.1

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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>Our Board has defined its Code of Conduct. This Code of Conduct serves as a tool for the Board to convey and instil its values into the organisation. This Code sets out the principles and standards of business ethics and conduct of our Group which shall apply to all directors and employees in conducting the day-to-day duties and operations of our Group.</p> <p>Amongst other, the provision in this Code of Conduct include:</p> <ul style="list-style-type: none"><li>• Conflict of Interest;</li><li>• Confidentiality;</li><li>• Insider information and securities trading;</li><li>• Protection of assets and funds;</li><li>• Compliance;</li><li>• Directorship in other companies;</li><li>• Gifts and hospitality;</li><li>• Anti-bribery;</li><li>• Safety, Health and Environment ("EHS"); and</li><li>• Reporting of non-observance.</li></ul> <p>During FYE 2023, no misconduct cases were being reported.</p> <p>The Code of Conduct is accessible on our Company's website at <a href="http://www.umed.com.my">www.umed.com.my</a>.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
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**Intended Outcome**

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

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

**Practice 3.2**

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

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| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>Our Board has defined its Whistleblowing Policy for our Group, which provides guidance for stakeholders to report genuine concerns of any possible improprieties pertaining to financial reporting, compliance, malpractices and unethical business conduct within the Group. The Whistleblowing Policy aims to instill confidence on and assure our employees that they will be protected from possible reprisals or victimization that if they raise concerns in good faith, and believing them to be true.</p> <p>The Whistleblowing Policy defines acts that would constitute misconducts and incorporates provisions that safeguard the identity and report content of the whistleblower. The Whistleblowing Policy outlines the reporting procedures and designated channels for stakeholders to report suspected wrongdoings, unethical behaviours or workplace grievances that may cause adverse impact to our Group.</p> <p>All complaints received will be kept confidential and will be shared only on a 'need to know' basis. The identity of a Whistleblower will not be disclosed without his prior consent. Where concerns cannot be resolved without revealing the identity of the Whistleblower (i.e., if the evidence is required in court), a dialogue will be carried out with the Whistleblower as to whether and how the matter can be pursued.</p> <p>During FYE 2023, there were no whistleblowing cases reported.</p> <p>In FYE 2023, our Board has reviewed and approved the Whistleblowing Policy. The said policy is accessible on our Company's website at <a href="http://www.umedic.com.my">www.umedic.com.my</a>.</p> |
| <b>Explanation for departure</b>                  | : |  |

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

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| <b>Measure</b>   | : |  |  |
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### Intended Outcome

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

### Practice 4.1

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.

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| <b>Application</b>  | : | Applied  |
| <b>Explanation on application of the practice</b>   | : | <p>One of the key responsibilities of our Board under its Board Charter is to ensure the strategic plans of our Group promotes sustainability within the aspects of environment, social and economy.</p> <p>Sustainability Committee was established and chaired by Mr. Lim Taw Seong, Executive Director/ CEO, to lead the sustainability development efforts. Mr. Lim Taw Seong is supported by representatives from relevant department/ functions.</p> <p>The Committee is entrusted with the responsibilities:</p> <ul style="list-style-type: none"> <li>• Identifies material sustainability matters that are relevant to our Group's business operations;</li> <li>• Proposes sustainability initiatives and measures to be implemented across our Group;</li> <li>• Implements sustainability initiatives that have been approved by our Board; and</li> <li>• The Chairman reports the overall progress of our Group's sustainability efforts to our Board.</li> </ul> |
| <b>Explanation for departure</b>  | : |  |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |  |
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### Intended Outcome

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

### Practice 4.2

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.

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| <b>Application</b>  | : | Applied   |
| <b>Explanation on application of the practice</b>   | : | <p>Our Board understands the importance of the various stakeholders who has a significant impact in our operations, and therefore, the success of our business is dependent on maintaining communication and strong relationships with our stakeholders, especially on our Group’s sustainability strategies, priorities and targets as well as performance against these targets.</p> <p>To this end, our Group has disclosed our sustainability journey through the preparation of a Sustainability Statement since 2022, which is made available on our Company’s website. Through the Sustainability Statement, we provide an overview of our strategies and performance and how we manage our key economic, environmental, social and governance matters, which covers all our operations.</p> <p>The Sustainability Statement is prepared in compliance with the ACE Market Listing Requirements issued by Bursa Malaysia Securities Berhad and is in adherence to best practice sustainability guidelines, standards and frameworks.</p> <ul style="list-style-type: none"> <li>• Bursa Malaysia Listing Requirements; and</li> <li>• Sustainability Reporting Guide – 3<sup>rd</sup> Edition and its accompanying Toolkits published by Bursa Malaysia Securities Berhad (“Bursa Securities”).</li> </ul> |
| <b>Explanation for departure</b>  | : |   |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |   |
| <b>Measure</b>  | : |   |
| <b>Timeframe</b>  | : |   |



### Intended Outcome

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.

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| <b>Application</b>  | : | Applied   |
| <b>Explanation on application of the practice</b>   | : | <p>Our Board acknowledges its role in ensuring our Board is well-equipped, in relation to sustainability matters relevant to our Company's business, in order to oversee the sustainability of our Company's business.</p> <p>During FYE 2023, our Board has actively participated in numerous continuous professional development programme covering various topics such as Climate Change and Carbon: From the Financial Risk &amp; Reporting Perspectives, Characteristics of ESG &amp; Sustainability Leadership, Rising to the ESG Challenge: Routes Towards Effective Governance, Unlock the Power of ESG with 5W1H and Crucial Conversations in Accelerating Sustainability for Corporate Malaysia.</p> <p>Looking ahead, our Board remains committed to maintaining a proactive approach in staying updated with emerging sustainability issues. By continuously keeping abreast of the latest developments, trends, and best practices in sustainability, our Board ensures that it remains well-prepared and capable of effectively addressing and leveraging sustainability opportunities and challenges that may arise.</p> |
| <b>Explanation for departure</b>  | : |   |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |   |
| <b>Measure</b>  | : |   |
| <b>Timeframe</b>  | : |   |

**Intended Outcome**

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

**Practice 4.4**

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.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>Our Group has formed a Sustainability Committee and Sustainability Working Group to assist the Board in overseeing the formulation, implementation and effective management of our Company’s sustainability strategies.</p> <p>Performance evaluations of the Board and the Senior Management in addressing the Company’s material sustainability risks and opportunities has been conducted for the financial year under review.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### Intended Outcome

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

### Practice 4.5- 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.*

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| <b>Application</b>                             | : | Adopted  |
| <b>Explanation on adoption of the practice</b> | : | <p>The Sustainability Committee is chaired by the Executive Director/Chief Executive Officer (“CEO”), Mr. Lim Taw Seong, together with its members, provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Company.</p> <p>The Sustainability Committee is tasked to identify material sustainability matters that are relevant to our Group’s business operations, propose sustainability initiatives and measures to be implemented across our Group. The Sustainability Committee is also responsible to implement the sustainability initiatives that have been approved by our Board. As the Chairman, Mr. Lim Taw Seong, will report the overall progress of our Group’s sustainability efforts to our Board.</p> |

## Intended Outcome

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

### Practice 5.1

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

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| <b>Application</b>  | : | Applied  |
| <b>Explanation on application of the practice</b>   | : | <p>As stated in the Terms of Reference of the Nomination Committee, the Nomination Committee is empowered to:</p> <ul style="list-style-type: none"> <li>• Review the tenure of each director with an aim to ensure that the composition of the Board is refreshed periodically;</li> <li>• To assist the Board to review on an annual basis the required mix of skills, independence and experiences and other qualities, including core competencies, which non-executive directors should bring to the Board; and</li> <li>• To assess on an annual basis on the effectiveness of the Board as a whole, the committees of the Board and contribution of each individual director including chairman of the Board, independent Non-Executive Directors, as well as the Chief Executive Officer and the Chief Operating Officer (if any). All assessment and evaluations carried out by the Committee in the discharge of all its functions should be properly documented.</li> </ul> <p>For the financial year under review, the Board is satisfied with the present number and board composition, acknowledging that each Directors has proficiently discharge their duties and responsibilities.</p> |
| <b>Explanation for departure</b>  | : |  |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |  |
| <b>Measure</b>  | : |  |
| <b>Timeframe</b>  | : |  |

## Intended Outcome

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.

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| <b>Application</b>   | : | Applied  |   |  |
| <b>Explanation on application of the practice</b>  | : | As at 31 July 2023, half of our board members are Independent Non-Executive Directors. |   |  |
|  |   | <b>No</b>  | <b>Directorship</b>                         | <b>Name</b>  |
|  |   | 1  | Non-Independent Non-Executive Chairman      | Dato' Ng Chai Eng*                                     |
|  |   | 2  | Non-Independent Non-Executive Director      | Mr. Lau Chee Kheong (Resigned on 5 October 2023)       |
|  |   | 3  | Executive Director/ Chief Executive Officer | Mr. Lim Taw Seong                                      |
|  |   | 4  | Independent Non-Executive Director          | Dr. Pakirisamy Baskaran A/L P Thangavelu               |
|  |   | 5  | Independent Non-Executive Director          | Ms. Tan Chye Suan                                      |
|  |   | 6  | Independent Non-Executive Director          | Mr. Lee Yee Wooi                                       |
|  |   | 7  | Independent Non-Executive Director          | Dato' Dr. Teh Keng Hwang (Appointed on 5 October 2023) |
|  |   | *Ms. Ng Sze Hui –Alternate Director to Dato' Ng Chai Eng                               |   |  |
| <b>Explanation for departure</b>   | : |  |   |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |   |  |
| <b>Measure</b>   | : |  |   |  |
| <b>Timeframe</b>   | : |  |   |  |

**Intended Outcome**

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

**Practice 5.3**

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

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

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | Presently, the tenure of all the Independent Directors does not exceed a cumulative term of nine (9) years as recommended by the Malaysian Code on Corporate Governance. |  |
| <b>Explanation for departure</b>   | : |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

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

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

### Intended Outcome

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

### Practice 5.5

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

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

|   |   |   |
|---|---|---|
| <b>Application</b>  | : | Applied   |
| <b>Explanation on application of the practice</b>   | : | <p>As stated in the Board Charter, our board recognises board diversity as a key attribute to its board composition and as such, a balanced board should comprise of Directors with the requisite range of skills, competence, knowledge, calibre and experience, including a diversity of perspectives, gender, age and ethnicity.</p> <p>When considering appointment of directors, the Nomination Committee will consider the following attributes in the recruitment and screening process:</p> <ul style="list-style-type: none"> <li>• Skills, knowledge, expertise and experience;</li> <li>• Professionalism;</li> <li>• Integrity;</li> <li>• Boardroom diversity (including gender diversity); and</li> <li>• In the case of candidates for the position of Independent Non-Executive Directors, the committee should also evaluate the candidates' ability to discharge such responsibilities/ functions as expected from Independent Non-Executive Directors.</li> </ul> <p>Our Board presently constitutes of members with a diverse set of expertise, experience and skill sets. Additionally, the employment of senior management personnel is equally based on an objective criteria which covers diverse skill sets and experience. Our senior management team possesses not only substantial qualification but also profound industry experience.</p> |
| <b>Explanation for departure</b>  | : |   |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |   |



|                  |   |  |  |
|------------------|---|--|--|
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b> | : |  |  |

## Intended Outcome

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

### Practice 5.6

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

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Nomination Committee is delegated with the responsibility to recommend to our Board, candidates to fill memberships in the Board Committees.</p> <p>The Nomination Committee is open to leveraging on independent sources to identify suitably qualified candidates. As stated in the Terms of Reference of the Nomination Committee, if the selection of candidates is based on recommendations made by existing directors, management or major shareholders, the committee should explain why these source(s) suffice and other sources were not used.</p> |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### Intended Outcome

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

### Practice 5.7

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

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | The details of the Directors' interest, position, relationship and experience are set out in the Directors' profile in the Annual Report page 19 to 26. |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### Intended Outcome

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

### Practice 5.8

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

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Nomination Committee is chaired by Dr. Pakirisamy Baskaran A/L P Thangavelu, who is an Independent Director.</p> <p>As stated in the Terms of Reference of the Nomination Committee, our Board is cognisant that the Chairman of the Nomination Committee must be an Independent Director. An independent and impartial Chairman is essential to the process of objective screening, evaluation and recommendation of potential Directors. The objectivity of the Chairman ensures that nominations are made based on merit and suitability.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### Intended Outcome

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

### Practice 5.9

The board comprises at least 30% women directors.

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Departure  |
| <b>Explanation on application of the practice</b>  | : |  |
| <b>Explanation for departure</b>   | : | <p>Our Board recognises the importance of gender diversity of at least 30% women directors in companies. As at 31 July 2023, there is one (1) female Director sitting on our Board, which is in accordance with Ace Market Listing Requirements on at least 1 female Director on Board and testifies the Company's commitment to gender diversity.</p> <p>On 6 March 2023, we have appointed Ms. Ng Sze Hui as Alternate Director to Dato' Ng Chai Eng. This strategic appointment stands as another significant step towards strengthening our commitment to inclusivity and creating a more balanced and representative leadership landscape.</p> <p>Our Board is mindful that any gender representation should be in the best interest of the Company. Our Board is committed to workplace diversity and has established a Diversity Policy which aims to set out approach to achieve diversity on our Company's Board and workforce.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

**Practice 5.10**

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>Our Board recognises the importance of gender diversity of at least 30% women directors in companies.</p> <p>Our Board has disclosed the Group’s policy on gender diversity in the Annual Report.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

## Intended Outcome

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

### Practice 6.1

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

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

|  |   |
|--|---|
| <i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i> |   |
| <b>Application</b> :   | Applied   |
| <b>Explanation on application of the practice</b> :  | <p>As stated in the Terms of Reference of the Nomination Committee, one of the duties of Nomination Committee is to properly document all assessments and evaluations and report to our Board all the results of the assessments and evaluations on an annual basis.</p> <p>Our Board acknowledges the importance to perform t assessments and evaluations on an annual basis. During FYE 2023, the Nomination Committee had reviewed the size, composition and principal functions of each Board Committee. Additionally, the results of self-evaluation by all Directors had been reviewed and the results are satisfactorily. The Nomination Committee thereby concluded that the performance of the current Board, coupled with the experiences, competencies of each Director enable the Board to discharge their duties and responsibilities effectively. The outcome of the assessment had been presented to our Board subsequently.</p> |
| <b>Explanation for departure</b> :   |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |   |
| <b>Measure</b> :   |   |
| <b>Timeframe</b> :   |   |

## Intended Outcome

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

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

### Practice 7.1

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

|   |   |   |
|---|---|---|
| <b>Application</b>  | : | Applied   |
| <b>Explanation on application of the practice</b>   | : | <p>Our Board has put in place a Remuneration Policy to set out principles to be used in recommending the remuneration package of the Non-Executive Directors, Executive Director and/or Chief Executive Officer and Financial Controller, in order to attract, motivate and retain talent.</p> <p>As stated in the Remuneration Policy, the remuneration of the Independent Non-Executive Directors is to be determined in accordance with their experience and the level of responsibilities assumed in the Board Committees, their attendance, performance and expertise they bring to our Board, whilst the remuneration of the Executive Directors and Senior Management will be based on the individual's and Group's performance.</p> <p>The Remuneration Policy is available on our Company's website at <a href="http://www.umedic.com.my">www.umedic.com.my</a>.</p> |
| <b>Explanation for departure</b>  | : |   |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |   |
| <b>Measure</b>  | : |   |
| <b>Timeframe</b>  | : |   |



### Intended Outcome

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

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

### Practice 7.2

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

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

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>Our Board has established its Remuneration Committee. The objectives of the Remuneration Committee is to assist and advise our Board on matters relating to the remuneration of our Board and key senior management as well as how to attract, motivate and retain executives to create shareholder value.</p> <p>The present members of the Remuneration Committee are as follows and comprise wholly Non-Executive Independent Directors:</p> <p><b><u>Chairman:</u></b><br/>Ms. Tan Chye Suan</p> <p><b><u>Members:</u></b><br/>Dr. Pakirisamy Baskaran A/L P Thangavelu<br/>Mr. Lee Yee Wooi</p> <p>The Terms of Reference of the Remuneration Committee is made available on our Company's website at <a href="http://www.umedic.com.my">www.umedic.com.my</a>.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |

|                  |   |  |  |
|------------------|---|--|--|
| <b>Timeframe</b> | : |  |  |
|------------------|---|--|--|

**Intended Outcome**

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

**Practice 8.1**

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

|   |   |  |
|---|---|--|
| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | Details of Directors' remuneration received/ receivable by all the Directors of the Company for the FYE 2023 are as below: |

| No | Name  | Directorate                            | Company (RM'000) |           |        |       |                  |                   |       | Group (RM'000) |           |        |       |                  |                   |        |
|----|---|--|------------------|-----------|--------|-------|------------------|-------------------|-------|----------------|-----------|--------|-------|------------------|-------------------|--------|
|    |   |  | Fee              | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments* | Total | Fee            | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments* | Total  |
| 1  | Dato' Ng Chai Eng<br>(Appointed on 7 Oct 2021)                        | Non-Executive Non-Independent Director | 60.0             | 1.0       | -      | -     | -                | -                 | 61.0  | 60.0           | 1.0       | -      | -     | -                | -                 | 61.0   |
| 2  | Lau Chee Kheong<br>(Resigned on 5 Oct 2023)                           | Non-Executive Non-Independent Director | 30.0             | 0.5       | -      | -     | -                | -                 | 30.5  | 30.0           | 0.5       | -      | -     | -                | -                 | 30.5   |
| 3  | Lim Taw Seong<br>(Appointed on 22 April 2021)                         | Executive Director                     | -                | -         | -      | -     | -                | -                 | -     | -              | 72.0      | 264.0  | 95.08 | -                | 33.0              | 464.0  |
| 4  | Dr. Pakirisamy Baskaran A/L P Thangavelu<br>(Appointed on 7 Oct 2021) | Independent Director                   | 30.0             | 0.5       | -      | -     | -                | -                 | 30.5  | 30.0           | 0.5       | -      | -     | -                | -                 | 30.5   |
| 5  | Tan Chye Suan<br>(Appointed on 7 Oct 2021)                            | Independent Director                   | 30.0             | 0.5       | -      | -     | -                | -                 | 30.5  | 30.0           | 0.5       | -      | -     | -                | -                 | 30.5   |
| 6  | Lee Yee Wooi<br>(Appointed on 7 Oct 2021)                             | Independent Director                   | 30.0             | 0.5       | -      | -     | -                | -                 | 30.5  | 30.0           | 0.5       | -      | -     | -                | -                 | 30.5   |
| 7  | Dr. Ng Chin Liang^<br>(Cessation of Office on 6 Mar 2023)             | Non-Executive Non-Independent Director | -                | -         | -      | -     | -                | -                 | -     | -              | -         | -      | -     | -                | -                 | -      |
| 8  | Ng Sze Hui^<br>(Appointed on 6 Mar 2023)                              | Executive Director                     | -                | -         | -      | -     | -                | -                 | -     | -              | 12.0      | 75.0   | 19.5  | -                | 10.0              | 116.5- |

\*Include defined contribution plan

^ Alternate Director to Dato' Ng Chai Eng

**Intended Outcome**

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

**Practice 8.2**

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000 of the senior management are presented below: |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

| No | Name          | Position                | Company         |                |                |                 |                  |                 |
|----|---------------|-------------------------|-----------------|----------------|----------------|-----------------|------------------|-----------------|
|    |               |                         | Salary          | Allowance      | Bonus          | Benefits        | Other emoluments | Total           |
| 1  | Lim Taw Seong | Executive Director/ CEO | 250,001-300,000 | 50,001-100,000 | 50,001-100,000 | Choose an item. | 0-50,000         | 450,001-500,000 |
| 2  | Ng Hui Hooi   | Financial Controller    | 150,001-200,000 | 0-50,000       | 0-50,000       | Choose an item. | 0-50,000         | 200,001-250,000 |
| 3  | Kong Yoen Hoo | Sales Vice President    | 100,001-150,000 | 50,001-100,000 | 50,001-100,000 | Choose an item. | 0-50,000         | 300,001-350,000 |
| 4  | Lim Suat Gim  | Sales Vice President    | 100,001-150,000 | 50,001-100,000 | 0-50,000       | Choose an item. | 0-50,000         | 200,001-250,000 |

\*Include defined contribution plan

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The Chairman of the Audit and Risk Management Committee is Mr. Lee Yee Wooi, an Independent Director who is distinct from the Chairman of the Board. Having the positions of the Chairman of the Board and Chairman of the Audit and Risk Management Committee assumed by different Directors allows our Board to review the findings and recommendations of the Audit and Risk Management Committee in an impartial and unbiased manner. |  |
| <b>Explanation for departure</b>   | : |   |  |
|  |   |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.2

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

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>None of the members of the Audit and Risk Management Committee are former audit partners of the current external audit firm of the Group.</p> <p>As stated in the Terms of Reference of the Audit and Risk Management Committee, the Committee is mindful of the minimum three (3) years cooling off period best practice under the MCCG when considering the appointment of former key audit partner from its current external audit firm to ensure that the review of our Group's financial statements and the performance and independence of the External Auditors are being done objectively by the Committee.</p> <p>The Terms of Reference of the Audit and Risk Management Committee is available on our Company's website at <a href="http://www.umedic.com.my">www.umedic.com.my</a>.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |



### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

|   |   |   |
|---|---|---|
| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <p>As disclosed in the terms of reference, the Audit and Risk Management Committee shall assess the suitability, objectivity and independence of the external auditor, taking into consideration:</p> <ul style="list-style-type: none"><li>• The competence, audit quality and resource capacity of the external auditor in relation to the audit;</li><li>• The nature and extent of the non-audit fees rendered and the appropriateness of the level of fees; and</li><li>• Obtaining assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the term of all relevant profession and regulatory requirements.</li></ul> <p>Before the commencement of the current financial year audit, the Audit and Risk Management Committee has reviewed and deliberated with the External Auditors, namely BDO PLT, on their audit planning memorandum, covering the audit risk areas, approach, emphasis and timeline. During the financial year under review, the Audit and Risk Management Committee has monitored and assessed the performance of and independence of the External Auditors and has satisfied itself that the External Auditors have been independent throughout the conduct of their audit engagement. The Committee also noted the External Auditors' independence check and confirmation procedures carried out in the firm as well as no conflict of interest for rendering their non-audit services to our Group presently.</p> <p>In line with the relevant professional standards, the Audit Committee has obtained written assurance from the external auditors that its personnel were and have been independent throughout the audit engagement.</p> |
| <b>Explanation for departure</b>                  | : |   |
|   |   |   |

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

|                  |   |  |  |
|------------------|---|--|--|
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b> | : |  |  |

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

|  |  |
|--|--|
| <b>Application</b>                             | : Adopted  |
| <b>Explanation on adoption of the practice</b> | <p>As stated in the Terms of Reference of the Audit and Risk Management Committee, the Committee shall consist of not less than three (3) members, comprises exclusively Non-Executive Directors and financial literate, a majority of whom are Independent Directors.</p> <p>At present, the members of Audit and Risk Management Committee are fully Independent Non-Executive Directors and the composition is tabulated as below:</p> <p><b><u>Chairman:</u></b><br/>Mr. Lee Yee Wooi</p> <p><b><u>Members:</u></b><br/>Dr. Pakirisamy Baskaran A/L P Thangavelu<br/>Ms. Tan Chye Suan</p> |

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.5

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

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

|   |   |   |
|---|---|---|
| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <p>As stipulated in the Terms of Reference of the Audit and Risk Management Committee, at least one (1) member of the Committee:</p> <ul style="list-style-type: none"><li>a) Must be a member of the Malaysian Institute of Accountants; or</li><li>b) If he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and<ul style="list-style-type: none"><li>• He must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or</li><li>• He must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or</li></ul></li><li>c) Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.</li></ul> <p>The Audit and Risk Management Committee Chairman, Mr. Lee holds a Bachelor of Accounting (Hons) from University of Malaya. He is a registered member of the Malaysia Institute of Accountants since 2000.</p> <p>All members of the Audit and Risk Management Committee are financially literate, with diverse background, experience and knowledge in accountancy, business management, commercial and corporate laws.</p> <p>Members of the Audit and Risk Management Committee have noted the provision in this Practice. During FYE 2023, members of the Audit and Risk Management Committee have attended the Conversation with Audit Committees by Audit Oversight Board, Securities Commission Malaysia and Seminar Percukaian Kebangsaan 2022 by LHDN. All members of the Audit and Risk Management Committee will undertake continuous professional</p> |

|   |  |  |
|---|--|--|
|   | <p>development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules in the new financial year.</p> <p>The detailed Audit and Risk Management Committee's profile has been disclosed on the Annual Report.</p> |  |
| <b>Explanation for departure</b> :  |  |  |
|   |  |  |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |  |  |
| <b>Measure</b> :  |  |  |
| <b>Timeframe</b> :  |  |  |

## Intended Outcome

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

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

### Practice 10.1

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

|   |   |  |
|---|---|--|
| <b>Application</b>  | : | Applied  |
| <b>Explanation on application of the practice</b>   | : | <p>Our Board acknowledges its overall responsibility for maintaining a sound internal control system for our Group identifying and reviewing risks and ensuring the implementation of appropriate systems to manage risks. While our Board has delegated its oversight role in risk management and the system of internal controls to the Audit and Risk Management Committee, our Board understands the principal risks of the business that our Group is engaged in.</p> <p>Our Group has established a Risk Management Handbook, which outlines the principles and structure, Enterprise Risk Management ("ERM") roles and responsibilities, ERM framework and Risk Management Criteria.</p> <p>On annual basis, Management has updated our Company's risk profile based on the assessment process stipulated in the Risk Management Handbook.</p> <p>The Statement on Risk Management and Internal Control ("SORMIC") set out in the Annual Report provides an overview on the state of the internal control in the Group.</p> |
| <b>Explanation for departure</b>  | : |  |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |  |
| <b>Measure</b>  | : |  |
| <b>Timeframe</b>  | : |  |

**Intended Outcome**

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

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

**Practice 10.2**

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

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | Our Board has disclosed in detail the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework under the Statement on Risk Management and Internal Control (“SORMIC”) in the Annual Report. Our Board is satisfied with the existing level of systems of risk management and internal control and also received assurance from the Executive Director/Chief Executive Officer (“CEO”) that to the best of their knowledge that our Group’s risk management and internal control systems are adequate and effective, in all material aspects. |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

### **Intended Outcome**

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

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

### **Practice 10.3 - Step Up**

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

|  |   |   |
|--|---|---|
| <b>Application</b>                             | : | Adopted   |
| <b>Explanation on adoption of the practice</b> | : | <p>Our Board has formed its Audit and Risk Management Committee to oversee the risk management framework in the Group. This Committee comprises fully Independent Non-Executive Directors and the composition is tabulated as below:</p> <p><b><u>Chairman:</u></b><br/>Mr. Lee Yee Wooi</p> <p><b><u>Members:</u></b><br/>Dr. Pakirisamy Baskaran A/L P Thangavelu<br/>Ms. Tan Chye Suan</p> |



## Intended Outcome

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

### Practice 11.1

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

|   |   |  |
|---|---|--|
| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>As stated in the Terms of Reference of the Audit and Risk Management Committee, the Committee is responsible for the following:</p> <ul style="list-style-type: none"><li>• To review and report to the Board the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;</li><li>• To review the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken by management on the recommendations;</li><li>• To review any appraisal or assessment of the performance of members of the internal audit function;</li><li>• To approve any appointment or termination of senior staff members of the internal audit function, if the internal audit function is performed in-house;</li><li>• To take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reason for resigning, if the internal audit function is performed in-house; and</li><li>• To ensure the person responsible for the internal audit reports directly to the Committee.</li></ul> <p>The internal audit function of our Company is effective and remains independent all the time. The internal audit function is set out in the Statement on Risk Management and Internal Control.</p> <p>A professional firm, MCM International Consultancy PLT ("MCMIC") was appointed to provide internal audit services which covered independent appraisals on the effectiveness of internal controls, adherence to organisational and procedural controls for processes, and also identification of opportunities for improvements. The professional firm reported directly to the Audit and Risk Management Committee. The Audit and Risk Management Committee holds regular meetings with the Internal Auditors to discuss significant internal audit matters and to provide an avenue for the Internal Auditors to surface any pertinent issues or concerns that they have gathered.</p> |
| <b>Explanation for departure</b>                  | : |  |

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

## Intended Outcome

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

### Practice 11.2

The board should disclose–

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

|   |   |   |
|---|---|---|
| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <p>Our Group has outsourced its Internal Audit Function to a professional firm, MCM International Consultancy PLT (“MCMIC”). There is no other engagement between our Group and MCMIC which may create conflict of interest or impair their objectivity and independence.</p> <p>The internal audit engagement was led by a Partner, Ms. Phoon Yee Min, who is a Certified Internal Auditor (“CIA”), member of Association of Chartered Certified Accountants (“ACCA”) and member of Malaysia Institute of Accountants (“MIA”). She has accumulated over 19 years of experience in Audit and Advisory engagement before becoming the partner of MCM International Consultancy PLT in 2021. She provides overall direction for the internal audit engagement and is responsible for all stages of the internal audit work. She also maintains contact with the Management to ensure open communication is practiced and all internal audit works are carried out effectively and in a timely manner. She is further supported by other MCMIC professional staffs.</p> <p>All the personnel deployed by MCMIC do not have any family relationship or conflicts of interest with our Group that could impair their objectivity and independence during the course of their work.</p> <p>The Internal Auditors execute the internal audit work based on a risk-based internal audit plan which is approved by the ARMC before the commencement of work. The Internal Auditors conduct their work in consideration of the broad principles of the International Professional Practice Framework (“IPPF”) of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders. The Internal Auditors report their observations and findings according to the approved Internal Audit Plan to the Audit and Risk Management Committee.</p> |

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

## Intended Outcome

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

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

## Practice 12.1

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

|   |   |  |
|---|---|--|
| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>Information about our Group's business and corporate developments is disseminated through the Annual Report, various disclosures to Bursa Securities including quarterly financial results, changes in composition of the Board, changes in shareholdings and other announcements in accordance with the ACE Market Listing Requirements of Bursa Securities were made from time to time.</p> <p>In addition, our Group maintains a website at <a href="http://www.umedic.com.my">www.umedic.com.my</a> where shareholders or investors may access information of our Group encompassing corporate information, latest financial results, annual reports, announcements to Bursa Securities, Board Charter, other Board policies and Board Committees' terms of reference. Our Company's website also provides the email contact of the Investor Relation <a href="mailto:ir@umedic.com.my">ir@umedic.com.my</a>, allowing dialogue and queries from shareholders, stakeholders, investors and the general public.</p> <p>In addition, we also utilise social media network as a platform for disseminating messages of our Company.</p> <p>Our Group also periodically organises investor relation activities such as conferences and briefing sessions targeted at market analysts and fund managers to allow for constructive and informative communication with shareholders and potential investors.</p> <p>Detailed information regarding stakeholder engagement methods can be found in the Sustainability Statement, which is available in the Annual Report.</p> |
| <b>Explanation for departure</b>                  | : |  |

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

|                  |   |  |  |
|------------------|---|--|--|
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b> | : |  |  |

**Intended Outcome**

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

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

**Practice 12.2**

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

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

**Intended Outcome**

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

**Practice 13.1**

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

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>Our Board is mindful that sufficient notice of general meeting would allow shareholders to make necessary arrangements to attend and participate either in person or by a corporate representative, proxy or attorney as well as to enable the shareholders to have adequate time to consider the resolutions that will be discussed and decided at the meeting.</p> <p>The notice of AGM is provided to shareholders at least 28 days prior to the date of the AGM to provide shareholders adequate time to prepare and make necessary arrangement to attend the AGM. For our 2<sup>nd</sup> AGM held on 10 January 2023, we circulated the notice of AGM on 30 November 2022, which goes above and beyond the standard 28 days notification period. This proactive approach showcases our dedication to facilitating shareholders' involvement and preparedness.</p> <p>For the upcoming AGMs, we will continue to ensure the notice will be circulated to the shareholders at least 28 days prior to the meeting.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |



**Intended Outcome**

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

**Practice 13.2**

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>AGM serves as the principal forum for shareholders to engage with our Board and Senior Management in a productive and constructive two-way dialogue. Our Board recognises its accountability to shareholders, underlining the imperative to foster active engagement and deliver meaningful responses to the shareholders' queries. In demonstration of this commitment, all the Directors, the Chairman of our Board and Board Committees attended the 2<sup>nd</sup> AGM.</p> <p>The Executive Director/ Chief Executive Officer ("CEO"), Financial Controller and the external auditors were also present to supplement discussions and provide greater clarity and context where necessary.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>Shareholders who were unable to attend the AGM were advised that they can appoint proxies to attend and vote on their behalf by completing the proxy form enclosed in the Annual Report and depositing it at the Registered Office before the time for holding the meeting or any adjournment thereof. The guideline to appointing a proxy was outlined in the notice of AGM.</p> <p>All resolutions set out in the Notice of AGM were put to vote by poll. Our Company had appointed independent scrutineer to validate the vote cast in the AGM. The outcome of the AGM was announced to Bursa Securities on the same meeting day, which is 10 January 2023.</p> <p>Our Company will consider the convenience of shareholders in selecting a suitable and appropriate location to hold our upcoming AGM. Before resorting to the use of technology voting system, our Board will observe the number of shareholders turn-up in the next few general meetings and evaluate the cost and benefit of the electronic and technology voting system options for managing voting by large group of shareholders.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

### Intended Outcome

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

### Practice 13.4

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

|  |  |
|--|--|
| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i> |  |
| <b>Application</b> :   | Applied  |
| <b>Explanation on application of the practice</b> :  | <p>Our Board recognises that effective, transparent and continuous communication with the stakeholders of the Group is essential in managing stakeholder expectations and delivering long-term value-creation for the stakeholders.</p> <p>During our 2<sup>nd</sup> AGM, all the Directors, the Chairman of our Board and Board Committees were present to provide responses to the questions posed by shareholders.</p> <p>Throughout the AGM, the shareholders were given with ample and sufficient opportunity to pose their queries and our Company ensured that all the questions were answered.</p> |
| <b>Explanation for departure</b> :   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |  |
| <b>Measure</b> :   |  |
| <b>Timeframe</b> :   |  |

### Intended Outcome

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

### Practice 13.5

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

|  |   |
|--|---|
| <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> |   |
| <b>Application</b> :   | Not applicable – only physical general meetings were conducted during the financial year  |
| <b>Explanation on application of the practice</b> :  | <p>Our 2<sup>nd</sup> AGM was held physically at Sri Mas Ballroom, Level 4, Bayview Hotel Georgetown Penang.</p> <p>Our Company will take into consideration meaningful engagement between our board, senior management and shareholders in selecting a suitable and appropriate location to hold our upcoming AGM.</p> <p>The shareholders will be allowed to pose their questions during the AGM and made visible to all meeting participants during the meeting itself. Questions received after the close of AGM will be answered via emails.</p> |
| <b>Explanation for departure</b> :   |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |   |
| <b>Measure</b> :   |   |
| <b>Timeframe</b> :   |   |

### Intended Outcome

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

### Practice 13.6

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

|  |   |
|--|---|
| <i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>         |   |
| <b>Application</b>   | : Applied   |
| <b>Explanation on application of the practice</b>  | :<br>Our Company is mindful of the requirement to circulate the minutes of the general meeting no later than 30 business days after the general meeting. The minutes of 2 <sup>nd</sup> AGM duly confirmed and signed by the Chairman were uploaded on our Company's website at <a href="http://www.umedic.com.my">www.umedic.com.my</a> , not later than 30 business days after the AGM.<br><br>Our Board is cognizant of the importance of circulating the minutes of AGM to shareholders on a timely basis and will continue to undertake additional review measures to ensure that the Company complies with Practice 13.6 for the upcoming AGMs. |
| <b>Explanation for departure</b>   | :<br><br>   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |
| <b>Measure</b>   | :<br><br>   |
| <b>Timeframe</b>   | :<br><br>   |

**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.*