

CORPORATE GOVERNANCE REPORT

STOCK CODE : EFRAME - 0227
COMPANY NAME : ECONFRAME BERHAD
FINANCIAL YEAR : August 31, 2020

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 :	<ul style="list-style-type: none"> • Our Board of Directors ("Board") comprises 6 members with wide and varied background and experiences in different fields and industries. • The roles and responsibilities of our Board are clearly set out in the Board Charter and disclosed in the Corporate Governance Overview Statement in the Annual Report 2020. • Our Board takes full responsibilities for the overall performance of our Company and our subsidiaries ("Group"). The duty and responsibilities of our Board include determining our Group's overall business plan, performing periodic reviews of the business and financial performance and adopting and implementing risk management and internal control system within our Group. • It is the general policy of our Company that all major decisions be considered by our Board as a whole. To ensure the effective discharge of its function and duties, the primary responsibilities of our Board include (but are not limited to) the following: - <ul style="list-style-type: none"> ➤ To review and adopt corporate governance best practices <p>During the financial year ended 31 August 2020 ("FYE 2020") and up to 30 November 2020, our Board had established the following policies, serves a guide to strengthen the governance of our Company: -</p> <ol style="list-style-type: none"> I. Board Charter; II. Code of Conduct and Ethics; III. Whistleblowing Policy and Guidelines; and IV. Anti-Bribery and Anti-Corruption Policy. <ul style="list-style-type: none"> ➤ To appoint our Board Committees and ensuring that they are effective with delegated power <p>During the FYE 2020, our Board has delegated specific responsibilities by establishing the following Board Committees:-</p> <ol style="list-style-type: none"> I. Audit and Risk Management Committee ("ARMC"); II. Nomination Committee ("NC"); and III. Remuneration Committee ("RC"). <p>The terms of references of the aforesaid Board Committees were approved by our Board on 25 February 2020, which are</p>

available on our Company's corporate website at www.econframe.com.

- To review and approve the financial statements and annual reports

During the FYE 2020 and up to 30 November 2020, our Board reviewed and approved the Accountant Reports and Pro Forma Statements of Financial Position for the listing exercise purposes. Our Board has also reviewed and approved the unaudited quarterly financial results for the quarters ended 31 May 2020 and 31 August 2020, Audited Financial Statements for the financial year ended 31 August 2020 ("**AFS 2020**") and Annual Report's statements, upon the recommendation by our ARMC.

- To supervise and assess management's performance

During the FYE 2020 and up to 30 November 2020, our Board monitored the performance of Management on a regular basis vide the Board Meetings and/or Board Committees Meetings.

Relevant member(s) of the Senior Management Team were invited to attend the Board and/or Board Committees Meetings to advise and update the Board and/or Board Committees with information, reports, clarifications on the relevant agenda items to be tabled to the Board and/or Board Committees, to keep our Board and/or Board Committees abreast of the latest business activities and development of our Group. Meanwhile, the Chief Financial Officer has presented the reports on the financial performance and financial highlights of our Group on a quarterly basis.

- To monitor the relationship between our Group and the Management, shareholders and stakeholders

Our Board is aware of its commitment to enhancing long term shareholders' value through regular communications with all its stakeholders.

In ensuring the effective communication with our Company's shareholders and stakeholders, our Board has an "Investors" section in its website, to communicate the corporate vision and mission, strategies, development, financial plans and prospects to the investors, financial community and other stakeholders accurately and to obtain feedback from the stakeholders.

Our Board had elected Mr. Tan Hock Soon, an Independent Non-Executive Director as the Senior Independent Non-Executive Director with effect from 2 November 2020. Shareholders may address their concern / correspondence to Mr. Tan Hock Soon (Email: info@econframe.com.my) with effect from 2 November 2020 as an independent receiving avenue for any concerns from the shareholders/stakeholders and/or whistleblowing purposes.

- To ensure the integrity of our Company's financial and non-financial reporting

During the FYE 2020 and up to 30 November 2020, our Board ensures that shareholders are presented with clear, balanced,

	<p>meaningful assessment of our Group’s financial performance and prospects through the issuance of the AFS 2020, quarterly announcements of financial results and vide announcements on significant development of our Company in accordance with the ACE Market Listing Requirements (“ACE LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) on a timely basis and in compliance with the applicable financial reporting standards and corporate law.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

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	:	<ul style="list-style-type: none"> • Mr. Robert Koong Yin Leong is an Independent Non-Executive Chairman of our Company who is responsible for the overall leadership and efficient operation of our Board. • The key roles of our Chairman as set out in the Board Charter include amongst others, the following:- <ul style="list-style-type: none"> - providing leadership for our Board so that our Board can perform its responsibilities effectively; - setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner; - leading Board meetings and discussions; - encouraging active participation and allowing dissenting views to be freely expressed; - managing the interface between Board and Management; - ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to our Board as a whole; and - leading our Board in establishing and monitoring good corporate governance practices in our Company. • During the FYE 2020, our Chairman, in consultation with our Managing Director and our Company Secretaries, has set the agenda for Board meetings and ensured that all relevant issues are on the agenda.
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	:	<ul style="list-style-type: none"> • The positions of our Chairman and our Managing Director of our Company are held by 2 different individuals. • Our Chairman of our Company, Mr. Robert Koong Yin Leong and our Managing Director of our Company, Mr. Lim Chin Horng, both holding separate positions and their respective roles and responsibilities clearly outlined in the Board Charter. • The roles and responsibilities of our Chairman and our Managing Director are made clearly distinct to ensure the balance of power and authority between our Chairman and our Managing Director. • Our Managing Director oversees the day-to-day management and running of our Group’s businesses and the implementation of our Board’s decisions and policies. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

The 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 :	<ul style="list-style-type: none">• Our Group engages Securities Services (Holdings) Sdn Bhd, an external consultant in carrying out the responsibilities of the corporate secretarial matters and provides support to our Board and keep our Board's abreast of changes to Bursa Securities ACE LR and statutory requirements.• The duties of our Company Secretaries are disclosed in the Corporate Governance Overview Statement in the Annual Report 2020.• Both our Company Secretaries, Ms. Chua Siew Chuan and Mr. Cheng Chia Ping, have the requisite credentials and qualified to act as the Company Secretaries pursuant to Section 235(2) of the Companies Act 2016.• The brief profiles of our Company Secretaries are as follows:- <u>Ms. Chua Siew Chuan, FCIS</u> Ms. Chua has been elected as a Fellow Member of the MAICSA since 1997. She has more than 36 years of experience in handling corporate secretarial matters, with working knowledge of many industries and government services. She is the Immediate Past President of MAICSA and currently the Chairperson of the Technical & Professional Practice Committee, Deputy Chairperson of the National Disciplinary Tribunal and Membership Committee and member of several Committees of MAICSA. Ms. Chua is a Chartered Secretary by profession. She is the Managing Director of Securities Services (Holdings) Sdn Bhd, a prominent corporate secretarial service provider in Malaysia. Ms. Chua is also the named company secretary for a number of public listed companies, public companies, private limited companies and societies. Ms. Chua has been appointed as Company Secretary to our Company since our Company's incorporation on 27 November 2019. <u>Mr. Cheng Chia Ping, ACIS</u> Mr. Cheng has been elected as an Associate Member of the MAICSA since 2012. He has more than 12 years of experience in handling corporate secretarial matters, with working knowledge of many industries and non-profit organisations.

	<p>Mr. Cheng is a Chartered Secretary by profession. He is a Manager (Corporate Secretarial) of Securities Services (Holdings) Sdn Bhd, a prominent corporate secretarial service provider in Malaysia. Mr. Cheng is also the named company secretary for a number of public listed companies, public companies, private limited companies and societies.</p> <p>Mr. Cheng has been appointed as Company Secretary to our Company since our Company's incorporation on 27 November 2019.</p> <ul style="list-style-type: none"> • For the FYE 2020, our Board is satisfied with the performance of our Company Secretaries in providing sound governance advice, ensure adherence to rules and procedures, and advocate of corporate governance best practices. 	
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 1.5

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>The Notice of the scheduled Board Meeting is served to all Directors at least 7 days prior to the Board Meeting. Unless there is exceptional case for convening of Special Meeting of our Board to address emergency issue, shorter notice is allowed with the consent of all Directors.</p> <p>All Directors are furnished with a comprehensive Board meeting agenda, minutes of meeting and relevant information materials and documents at least 7 days in advance at each Board meeting. Documents are sent earlier through email before despatch of the hardcopy of the meeting materials to allow our Board members to have sufficient time to review and to request for any further information or clarification prior to the Board meeting.</p> <p>Upon conclusion of the Board meeting, the draft minutes is circulated to our Board for comments and to ensure that the minutes of meeting is accurately reflected the deliberations and decisions of our Board. Thereafter, the final minutes is confirmed and approved by our Board and signed by our Chairman of the succeeding meeting as a correct record of the proceedings.</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 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	:	<ul style="list-style-type: none"> • The Board Charter sets out the roles, duties and responsibilities of our Board, outlines the membership guidelines, procedures for Board meeting, matters reserved for our Board, Directors' remuneration, investor relations and shareholders communication. • The Board Charter was adopted by our Board on 28 February 2020. • The Board Charter would be periodically reviewed and updated in accordance with the needs of our Company and any new regulations that may have an impact on the discharge of our Board's responsibilities. Any subsequent amendments to the Board Charter can only be approved by our Board. • Mr. Tan Hock Soon is the Senior Independent Non-Executive Director of our Company. The roles of the Senior Independent Non-Executive Director include but not limited to the following:- <ul style="list-style-type: none"> – A sounding board for our Chairman; – An intermediary for other Directors when necessary; and – The point of contact for shareholders and other stakeholders. • The Board Charter is available on our Company's corporate website at www.econframe.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

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 :	<ul style="list-style-type: none"> • The Code of Conduct and Ethics (“the Code”) of our Company was adopted on 7 September 2020 and applies to all Directors, Management, employees and stakeholders during the conduct of businesses of our Group. • In addition, all Executive Directors of our Group are required to observe and comply with the Code of Conduct for workplace which is issued by the Human Resources department. • All Directors shall be accountable for full compliance of the Code. In the event of any violation of the Code, our Board shall take necessary actions to rectify the non-compliance or violation. • The Code will be reviewed as and when required. • The Code is available on our Company’s corporate website at www.econframe.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

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	:	<ul style="list-style-type: none"> • The Whistleblowing Policy was established and approved by our Board on 28 February 2020 to uphold our Group's effort and commitment in doing business with ethics of honesty and integrity, henceforth, providing a transparent and confidential process in handling the whistleblowing reports. • The Whistleblowing Policy aims to provide a structured mechanism for its employees, Directors and associates to report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of our Group and to provide reassurance that they shall be protected from reprisals or victimisation for whistleblowing in good faith. • Additionally, our Board has in accordance with the requirements of Bursa Securities adopted the Anti-Bribery and Anti-Corruption Policy on 7 September 2020 to prevent corrupt practices, and to provide a measure of assurance and a defence against corporate liability for corruption under section 17A of the Malaysian Anti-Corruption Commission Act 2009. • The Whistleblowing Policy and Anti-Bribery and Anti-Corruption Policy are available on our Company's corporate website at www.econframe.com. • As at 30 November 2020, our Company has not received any complaint under this procedure.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	Our Board presently comprises 6 Board members, 3 of whom or 50% are Independent Non-Executive Directors, and 1 Managing Director, 1 Executive Director, 1 Non-Independent Non-Executive Director, which is compliance with the Rule 15.02(1) of the ACE LR.	
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 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 4.4

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.

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"> • Appointment of our Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. • Our NC which comprises exclusively of Independent Non-Executive Directors is responsible for making recommendation relating to any new appointment of Director to our Board and where necessary, Key Senior Management personnel. Any new nomination received by our NC is to be assessed and reviewed by our NC with appropriate selection criteria and processes and to identify candidates for directorships of our Company, members of the relevant Board Committees and Key Senior Management personnel prior to recommendation to our Board for their assessment and approval. • Our NC assesses the suitability of the candidates by taking into consideration the mix of skills, knowledge, expertise and experience, competencies, time commitment and professionalism required by our Board. 	
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 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none">Currently, our Board comprises 2 females Directors out of 6 Directors, equivalent to 33% of the women representation on our Board.	
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 4.6

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.

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• Our Company does not solely rely on the recommendations from the existing Board members or Management in the process of appointing new Directors of our Company but adopted an approach to utilise independent sources throughout the recruitment process.• A formal and transparent procedures will be conducted by our NC in assessing the candidate before he/she be recommended to our Board for assessment and approval.• During FYE 2020, our Board has appointed Mr. Robert Koong Yin Leong, Mr. Tan Hock Soon and Puan Ilham Fadilah binti Sunhaji as Independent Non-Executive 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 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • Our NC comprises exclusively Independent Non-Executive Directors and chaired by Puan Ilham Fadilah Binti Sunhaji, the Independent Non-Executive Director of our Company. • The Chairperson of our NC was tasked to:- <ul style="list-style-type: none"> (i) lead the succession planning and appointment of Board members; and (ii) lead the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed. • The terms of reference of our NC is available on our Company’s corporate website at www.econframe.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 form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • A formal evaluation process is in place to assess the effectiveness of our Board as a whole. Our Board through our NC would undertake the following annual assessments: - <ul style="list-style-type: none"> - The Board and Board Committee performance evaluation; - Self performance evaluation; - ARMC performance assessment questionnaires; and - Independence of the Independent Non-Executive Directors. • The independency of the Independent Non-Executive Directors of our Company had been fulfilled in accordance with ACE LR and would not impede their independency in carrying out their duties in the respective Board and Board Committees. • The aforesaid annual evaluation would be conducted from the next financial year end onward, i.e. 31 August 2021, in view of our Company being listed on 27 October 2020 which was after the FYE 2020.
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 6.1

The board has in place 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 policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The remuneration of the Directors and Key Senior Management is reviewed by our RC annually. The determination of the remuneration of Directors and Senior Management is guided by the Terms of Reference of our RC and Board Charter of our Company, where the Executive Directors and Key Senior Management are remunerated based on our Group's performance whilst the remuneration of the non-executive directors is determined in accordance with their experience and the level of responsibilities assumed. • It is the existing practice of our Company that all the Directors to abstain from deliberation and voting on fixing their remuneration package or Directors' fee at the RC Meeting (where relevant) and the Board Meeting. • The Terms of Reference of our RC and Board Charter are available on our Company's website at www.econframe.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

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 6.2

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 :	<ul style="list-style-type: none">• Our RC comprises exclusively of 3 Independent Non-Executive Directors.• The duties and responsibilities of our RC as stated in its terms of reference, includes but not limited to the followings:-<ul style="list-style-type: none">– To formulate and recommend a framework of remuneration for our Managing Director, Executive Director and Key Senior Management for our Board's approval. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain the Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including Director's fee, salaries, allowance, bonuses, options and benefit-in-kind.– To formulate and recommend specific remuneration packages for our Managing Director, Executive Director and Key Senior Management. The remuneration package should be structured such that it is competitive. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short-term performance to avoid incentives for excessive risk-taking. As for the Non-Executive Director and Independent Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of our Board.– To ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of our Managing Director and Executive Director and Key Senior Management;– To implement the policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of our Board and Key Senior Management; and– To ensure the levels of remuneration be sufficiently attractive and be able to retain Directors needed to run our Company successfully.– To structure the component parts of remuneration so as to align with the business strategy and long-term objectives of our Company and to link rewards to our Company's strategy and performance.– To ensure that the remuneration and incentives for

	<p>Independent Non-Executive Directors do not conflict with their obligations to bring objective and independent judgement to our Board.</p> <ul style="list-style-type: none"> - To act in line with the directions of our Board. - To consider and examine such other matters as our RC considers appropriate. - To consider any other relevant matters as delegated by our Board. <ul style="list-style-type: none"> • The terms of reference of our RC is available on our Company's corporate website at www.econframe.com. 	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

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 7.1

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

Application :	Applied																																																																
Explanation on application of the practice :	<ul style="list-style-type: none"> The details of remuneration of Directors of our Company comprising remuneration received/receivable from our Company and our subsidiaries during the FYE 2020 are as follows:- <p>(a) Company</p> <table border="1"> <thead> <tr> <th>Name of Directors</th> <th>Fees RM'000</th> <th>Salaries RM'000</th> <th>Bonuses RM'000</th> <th>Benefits-in-kind, EPF and allowances RM'000</th> <th>Total RM'000</th> </tr> </thead> <tbody> <tr> <td colspan="6"><u>Non-Executive Directors</u></td> </tr> <tr> <td>Mr. Robert Koong Yin Leong</td> <td>12</td> <td>-</td> <td>-</td> <td>3</td> <td>15</td> </tr> <tr> <td>Mr. Tan Hock Soon</td> <td>12</td> <td>-</td> <td>-</td> <td>3</td> <td>15</td> </tr> <tr> <td>Puan Ilham Fadilah Binti Sunhaji</td> <td>9</td> <td>-</td> <td>-</td> <td>3</td> <td>12</td> </tr> <tr> <td colspan="6"><u>Non-Independent Non-Executive Director</u></td> </tr> <tr> <td>Madam Lim Saw Nee</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td colspan="6"><u>Executive Directors</u></td> </tr> <tr> <td>Mr. Lim Chin Horng</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Mr. Khoo Soon Beng</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>					Name of Directors	Fees RM'000	Salaries RM'000	Bonuses RM'000	Benefits-in-kind, EPF and allowances RM'000	Total RM'000	<u>Non-Executive Directors</u>						Mr. Robert Koong Yin Leong	12	-	-	3	15	Mr. Tan Hock Soon	12	-	-	3	15	Puan Ilham Fadilah Binti Sunhaji	9	-	-	3	12	<u>Non-Independent Non-Executive Director</u>						Madam Lim Saw Nee	-	-	-	-	-	<u>Executive Directors</u>						Mr. Lim Chin Horng	-	-	-	-	-	Mr. Khoo Soon Beng	-	-	-	-	-
Name of Directors	Fees RM'000	Salaries RM'000	Bonuses RM'000	Benefits-in-kind, EPF and allowances RM'000	Total RM'000																																																												
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	(b) Group					
	Name of Directors	Fees RM'000	Salaries RM'000	Bonuses RM'000	Benefits-in-kind, EPF and allowances RM'000	Total RM'000
	<u>Non-Executive Directors</u>					
	Mr. Robert Koong Yin Leong	12	-	-	3	15
	Mr. Tan Hock Soon	12	-	-	3	15
	Puan Ilham Fadilah Binti Sunhaji	9	-	-	3	12
	<u>Non-Independent Non-Executive Director</u>					
	Madam Lim Saw Nee	10	-	-	-	10
	<u>Executive Directors</u>					
	Mr. Lim Chin Horng	222	-	-	-	222
	Mr. Khoo Soon Beng	-	88	29	16	133
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 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Our Board is of the view that the disclosure of the top 5 key management's remuneration will be counterproductive due to the competitive environment for talent in the industry in which our Group operates in.
		As alternative practice, our Group has benchmarked the remuneration of key management to the industry in which it operates in and ensures that their remuneration commensurate with the scope of work, responsibilities as well as their performance. Our Senior Management's remuneration disclosed in the Annual Report in the financial statement section is sufficient, complies with the Malaysian Financial Reporting Standards and achieves the objective that stakeholders are able to assess whether the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration our Group's performance.
<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 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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	:	<ul style="list-style-type: none">The Chairman of our ARMC, Mr. Tan Hock Soon, is not the Chairman of our Board.	
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 8.2

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	:	<ul style="list-style-type: none"> • None of our ARMC members was a former key audit partner of our Company. • The terms of reference of our ARMC required a former key audit partner of our Company to observe a cooling-off period of at least 2 years before being eligible to be appointed as a member of our ARMC. 	
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	:	<ul style="list-style-type: none"> • Our ARMC assessed the performance, competency and professionalism demonstrated by the external auditors during the financial year under review via a formal assessment form. • Based on the annual assessment conducted for the FYE 2020, our ARMC is satisfied with the performance and independence of the external auditors as well as the fulfilment of criteria based on several factors, including independence of the external auditors, quality of audit review procedures and adequacy of the firm’s expertise and its resources to carry out the audit work that they are tasked with. • Our ARMC obtained the assurance on independence from the external auditors as well as assessed and recommended the audit fees payable to the external auditors to our Board for approval. • Our ARMC considered and assessed the independence and objectivity of the external auditors during the financial year under review and also prior to engaging the external auditors for non-audit related services. 	
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	:	<ul style="list-style-type: none">• Our ARMC of our Company comprise solely of the following Independent Non-Executive Directors:-<ul style="list-style-type: none">(a) Mr. Tan Hock Soon - Chairman(b) Mr. Robert Koong Yin Leong - Member(c) Puan Ilham Fadilah Binti Sunhaji - Member

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 :	<ul style="list-style-type: none">• Our ARMC Chairman, Mr. Tan Hock Soon, is a Fellow Member of Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants and Mr Robert Koong Yin Leong is an Associate Member of the Chartered Institute of Management Accountants, United Kingdom.• All members of our ARMC are able to understand matters and issues within the capacity of our ARMC. The committee members possess vast experience, knowledge and understanding on the business and the industry in which our Group operates in i.e. trading, property development, construction etc. Thus, enabling our ARMC to discharge its duties effectively.• The qualification and experience of the individual ARMC member are disclosed in the Directors' Profile segment in the Annual Report 2020.• The trainings and courses attended by the members of our ARMC are disclosed in the Annual Report 2020.
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	:	<ul style="list-style-type: none"> • Our Group has in place an effective risk management and internal control framework to identify and assess the risks faced by our Group and also to implement and monitor control actions to manage and mitigate risks identified by our ARMC. • Our ARMC assists our Board to continuously review the activities of our Group to identify key business and operational risks, implement policies and procedures to address such risks and present the Risk Management Reports to our Board for deliberation. 	
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	:	Detailed information on Risk Management and Internal Control framework can be obtained from the Statement of Risk Management and Internal Control segment in the Annual Report 2020.
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 establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 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	:	<ul style="list-style-type: none"> • The internal audit function is outsourced to Wensen Consulting Asia (M) Sdn Bhd, an independent professional service firm to conduct regular reviews in accordance with the internal audit plan or other ad-hoc assignments which are approved by our ARMC, and to assess on the adequacy, efficiency and effectiveness of our Group's internal control system. • The internal auditors report directly to our ARMC and meet our ARMC on a half yearly basis to review the internal audit findings and to discuss on the corrective action plans in order to ensure that the control weaknesses highlighted in the internal audit reports are appropriately addressed by Management. • Detailed information related to the internal audit function can be obtained from the Audit and Risk Management Committee Report and Statement of Risk Management and Internal Control segments in the Annual Report 2020. 	
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 10.2

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	:	<ul style="list-style-type: none"> • The internal audit function is outsourced to Wensen Consulting Asia (M) Sdn Bhd, an external professional firm and the personnel handling our Group’s audit are free from any relationship or conflict of interest, which could impair their objectivity and independence. • Mr. Edward Yap Choon Wah, Managing Director of Wensen Consulting Asia (M) Sdn Bhd is the Engagement Director responsible for the internal audit of our Company. He is a Fellow Member of the Association of Chartered Certified Accountants, Chartered Accountant of the Malaysian Institute of Accountants, Chartered Member of the Institute of Internal Auditors Malaysia, and Practising Member of Institute of Singapore Chartered Accountants. • The internal audit is conducted using a risk-based approach in accordance with the Standards for the Practice of Internal Auditing issued by the Institute of Internal Auditors. • The outsourced internal auditor assigned 4 personnel to perform internal audits for our Group. • More information on the internal audit function can be obtained from the Statement of Risk Management and Internal Control segment in the Annual Report 2020.
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 11.1

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

Application :	Applied
Explanation on application of the practice :	<ul style="list-style-type: none">• Our Board ensures that there is effective, transparent and regular communication with its stakeholders through a variety of communication channels as follow: -<ul style="list-style-type: none">➤ Primary Spokesperson Our Board has designated Mr. Lim Chin Horng, our Managing Director to be responsible for communication with investment community, regulators and media.➤ Announcements to Bursa Securities Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities. Shareholders and Investors can obtain our Company's latest announcements such as quarterly financial results in the dedicated website of Bursa Securities at www.bursamalaysia.com.➤ Annual Reports Our Company's Annual Reports to the shareholders remain the central means of communicating to the shareholders, amongst others, our Company's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.➤ Annual General Meeting/General Meetings The Annual General Meeting/General Meetings which are used as the main forum of dialogue for shareholders to raise any issues pertaining to our Company. Our Board will also ensure that the stakeholders are given the opportunity to speak and seek clarifications during our Company's Annual General Meeting/General Meetings for effective and transparent communications with its stakeholders.➤ Corporate Website Our Company's corporate website provides a myriad of relevant information on our Company and is accessible by the public. Our Company regularly updates our Group's corporate website

	<p>for the stakeholders and general public to access information on amongst others, our Group's corporate profile, products, financial performance, announcements published on Bursa Securities' website, Board Charter, Board Committees' terms of reference and corporate information.</p> <p>Our Company's corporate website is accessible at www.econframe.com.</p> <p>➤ Senior Independent Non-Executive Director</p> <p>Our Board has elected Mr. Tan Hock Soon, the Senior Independent Non-Executive Director as an independent receiving avenue for any concerns from the shareholders/stakeholders and/or whistleblowing purposes.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

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	:	This is not applicable to our Company as our Company is not classified as “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	:	<ul style="list-style-type: none"> • The Notice of First Annual General Meeting (“1st AGM”), together with the Annual Report 2020, was sent to the shareholders on 24 December 2020, at least 28 days prior to the date of the 1st AGM of our Company scheduled to be held on 25 January 2021. • The Notice of 1st AGM includes the details of the proposed resolutions and the explanatory notes to enable shareholders to make an informed decision in exercising their voting rights. 	
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	:	<ul style="list-style-type: none">• Our Board would ensure that all the Directors of our Company, including the Chair of our ARMC, NC and RC attend the 1st AGM of our Company and to provide response if there is any questions addressed to them.	
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 with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<ul style="list-style-type: none"> • Prior to implementing the voting in absentia and remote shareholders' participation at general meeting(s), our Board noted several factors/conditions that need to be fulfilled prior to making such considerations:- <ul style="list-style-type: none"> – Availability of technology and infrastructure; – Affordability of the technology and infrastructure; – Sufficient number of shareholders residing/locating at particular remote location(s); and – Age profiles of the shareholders. • Based on an analysis of its shareholders, our Company does not have a large number of shareholders. A large majority of investors are Malaysians. As such, the concern over voting in absentia and/or remote shareholders' participation at the AGM are mitigated. • The AGM will be held at Sultan Abdul Aziz Shah Golf & Country Club, which is in the city of Shah Alam with convenient accessibility to encourage greater shareholder participation and has had all the resolutions set out in the notice of AGM, be voted by way of poll pursuant to the ACE Market LR. • Barring any standard operating procedures (“SOP”)/ directives issued by the authorities to the contrary, shareholders are invited to attend all the general meetings and allowed to appoint any person as their proxy(ies) to attend, participate, speak and vote in his/her stead at the general meetings, whilst observing the relevant SOPs. • Further, to encourage shareholders participation, those shareholders who are unable to attend the general meeting could appoint a proxy to represent and exercise their votes.
<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	:	

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

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

N/A
