

## **CORPORATE GOVERNANCE OVERVIEW STATEMENT**

The Board of Directors (“the Board”) is committed to ensure that the highest standards of corporate governance are practised throughout Zelan Berhad (“Zelan” or “the Company”) and its subsidiaries (collectively referred to as “the Group”). The Board believes that strong corporate governance is essential in enhancing shareholders’ value and for long-term sustainability and growth.

The Group corporate governance framework is premised upon the following statutory provisions, best practices, rules and guidelines:

- Companies Act 2016 (“the Act”);
- Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”); and
- Malaysian Code of Corporate Governance (“the Code”).

The Board is pleased to present this overview statement, which sets out a summary of the Group’s corporate governance practices during the financial year (“FY”) ended 31 December 2023 (“FY2023”) based on the following three (3) key principles of the Code:-

- (a) Principal A : Board Leadership and Effectiveness
- (b) Principal B : Effective Audit and Risk Management; and
- (c) Principal C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This statement is to be read together with the company's Corporate Governance Report 2023, which is available on the Company’s website at [www.zelan.com](http://www.zelan.com) and Bursa Malaysia’s website.

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

#### **1. Board Responsibilities**

The Board is responsible for the overall performance of the Group, including the strategic plans for business performance, overseeing the proper conduct of business, risk management, shareholders’ communication, internal control, management information systems and statutory matters. This includes responsibility for reviewing and adopting strategic plans for the Group in line with its vision and objectives while overseeing the conduct of the Group’s business. Thus, the Board retains full and effective control over the Group.

The Board has established three (3) Board Committees, namely the Audit Committee, Nomination & Remuneration Committee and Executive Committee that are delegated with specific responsibilities as defined under their respective Terms of Reference to assist the Board in carrying out its duties. These Board Committees have the authority to examine particular issues and report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.

## 2. Board Composition

The Board comprises members with vast experience in the construction and property development industry and qualifications in the legal, finance, and consulting sectors. A brief profile of each Director is presented on pages 13 to 15 of this Annual Report.

The Chairman of the Board is an Independent Non-Executive Director (“INED”) and who ensures the smooth functioning of the Board to effectively meet the goals and objectives of the Group and the Company. The Board delegates the authority and responsibility of managing the day-to-day affairs of the Group to the General Manager Finance with the guidance from Executive Committee (“EXCO”) in managing the daily operational matters dealt by the previous Chief Executive Officer (“CEO”). The Board currently has five (5) Independent Non-Executive Directors. The Independent Non-Executive Directors provide the necessary checks and balances in the decision-making process of the Board. All the Directors have given their undertaking to comply with the MMLR of Bursa Malaysia and the Independent Directors have confirmed their independence in writing.

The details Directors and years of service are below:

Directors	Years of Service
Dato’ Anwar bin Haji @ Aji	11
Datuk Puteh Rukiah binti Abd Majid	11
Encik Suhaimi bin Halim	9
Encik Mohd Shukor bin Abdul Mumin	8
Encik Amalanathan L. Thomas	2

The tenure of an Independent Director shall be limited to a cumulative term of nine (9) years from the date of first appointment. Upon completion of the nine (9) years, if the Board intends to retain as an INED, it should justify and seek annual shareholders’ approval. If the Board continues to retain the director after the 12<sup>th</sup> year, the Board should seek annual shareholders’ approval through a two-tier voting process.

The tenures of Dato’ Anwar bin Haji @ Aji, Datuk Puteh Rukiah binti Abd Majid and Encik Suhaimi bin Halim as an INED’s exceeded nine (9) years. Justifications on the continuation of Dato’ Anwar bin Haji @ Aji, Datuk Puteh Rukiah binti Abd Majid and Encik Suhaimi bin Halim as INEDs is provided in the Notice of Annual General Meeting.

## 3. Company Secretary

The Board is supported by the Company Secretary, who is a qualified Company Secretary under Section 235 of the Companies Act 2016 (CA 2016). The Board has direct access to the professional advice and services of the Company

Secretary, especially in relation to procedural and regulatory requirements such as company and securities laws and regulations, governance matters, and MMLR of Bursa Malaysia. She is responsible for advising the Board on issues relating to compliance with the Company's constitution and applicable laws, rules, procedures and regulations affecting the Group, as well as the principles of best corporate governance practices, in addition to corporate secretarial matters. The Board meets at least five (5) times a year.

#### **4. Code of Ethics and Conduct**

The Board is committed to creating a corporate culture within the Group to operate the businesses of the Group in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct. The Board adheres to the principles and standards of business ethics and conduct as stipulated in the Code of Ethics and Conduct ("CEC") of the Group, which include the areas of conflict of interest, insider information, protection of funds and assets of the Group, compliance with the laws, personal gifting, sexual harassment, outside interest and misconduct. The Board has also implemented various policies such as CEC, No Gift Policy and Anti-Bribery & Corruption ("ABAC") Policy which set out some parameters to prevent the occurrence of bribery and corrupt practices in relation to the businesses of the Group. The CEC and ABAC Policy are available on the Company website.

#### **5. Whistleblowing Policy**

The Board encourages employees and associates to report incidences of suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, wastage, and/or abuse involving the resources of the Group. The Whistleblowing Policy adopted by the Company provides and facilitates a mechanism for any employee and associate to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, wastage and/or abuse. The Whistleblowing Policy is posted on the Company's website at [www.zelan.com](http://www.zelan.com) for ease of access for reporting by employees, associates and third parties of the Group.

#### **6. Board Meetings**

During the financial year ended 31 December 2023, the Board met twelve (12) times, comprising four (4) times Board scheduled meetings and eight (8) times Special Board Meetings.

The attendance of each Director at Board meetings held during the financial year ended 31 December 2023 is as follows:-

<b>Name of Directors</b>	<b>Attendance</b>
<b>Dato' Anwar bin Haji @ Aji</b>	12
<b>Datuk Puteh Rukiah binti Abd Majid</b>	12
<b>Encik Suhaimi bin Halim</b>	12
<b>Encik Mohd Shukor bin Abdul Mumin</b>	12
<b>Encik Amalanathan L. Thomas</b>	12

## **7. Boardroom Diversity**

The Directors have a diverse set of skills, experience and knowledge necessary to govern the Group. The Directors are qualified in the fields of engineering, finance, accounting, property, legal practice and public administration. Together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience to ensure that the Group continues to be a competitive leader within its diverse industry segments with a strong reputation for technical and professional competence.

The Board encourages and supports more women's participation in the Company's decision-making positions as good practice while continuing to strive towards 30% women's participation in the Board composition. The Company currently has one (1) woman Director on its Board, Datuk Puteh Rukiah binti Abd Majid. The Board will continue to evaluate the need for more women directors.

## **8. Board Committees**

The Board has established the following three (3) Board Committees to assist the Board to ensure orderly and effective execution of the roles and responsibilities of the Board:

- Audit Committee
- Nomination and Remuneration Committee
- Executive Committee

The Board has developed certain responsibilities and duties for the Board Committees, which are clearly defined in the Terms of Reference ("TOR"). The TOR of the three (3) Board Committees are stipulated in the Board Policy Manual and is made available on the Company website.

### **(a) Audit Committee ("AC")**

The Chairman of the AC and the Chairman of the Board are held by different individuals to allow the Board to objectively review the AC findings and recommendations. The AC meeting is chaired by the Independent Non-Executive Director, Encik Suhaimi bin Halim.

The AC comprises of three (3) Independent Non-Executive Directors, namely as follows:-

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Encik Suhaimi bin Halim	Chairman	Independent Non-Executive Director
Datuk Puteh Rukiah binti Abd Majid	Member	Independent Non-Executive Director
Encik Amalanathan L. Thomas	Member	Independent Non-Executive Director

Encik Amalanathan L. Thomas is a Member of AC and is a Member of the Malaysian Institute of Accountants (“MIA”) and he has vast experience in finance, internal controls and corporate advisory services to lead discussions and deliberations related to financial issues and to review results and statements.

**(b) Nomination and Remuneration Committee (“NRC”)**

The NRC comprises of three (3) members, namely as follows:-

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato’ Anwar bin Haji @ Aji	Chairman	Independent Non-Executive Director
Datuk Puteh Rukiah binti Abd Majid	Member	Independent Non-Executive Director
Encik Amalanathan L. Thomas	Member	Independent Non-Executive Director

As for NRC, the NRC had discharged its functions and carried out its duties as set out in the TOR of the NRC. The primary objectives of the NRC are as follows:-

- (a) to review and approve the appointment of the members of the Board of Directors (“Board”), members of Board Committees, Senior Independent Non-Executive Director, Managing Director, Chief Executive Officer (“CEO”) and Group key management personnel;
- (b) to review and recommend to the Board the remuneration packages for the Executives Directors, CEO and Group key management personnel; and
- (c) assessing the performance of the Board and Board committees and Group key management personnel.

The TOR of the NRC is available for reference on the Company’s website.

During the financial year ended 2023, the NRC has undertaken the following activities in the discharge of its duties:

- (a) conducted evaluation to assess the effectiveness of the Board as a whole and Board Committees; and
- (b) reviewed and approved the appointment of General Manager Finance cum Company Secretary;

During the financial year ended 31 December 2023, the NRC met one (1) time. The NRC is responsible for making recommendations for any appointments to the Board/Board Committees. The NRC will assess and review the mix of skills and experience of each Director and their contributions to the Board. The Committee also assists the Board in reviewing other qualities of existing Board members, including the core competencies of Non-Executive Directors, as well as assessing the independence of its Independent Directors and to note the training attended by each Director during the financial year. The NRC is also involved in discussions pertaining to succession planning for the Group as well as boardroom gender diversity. During the year, the NRC assessed and evaluated the effectiveness of the Board as a whole in terms of its structure, roles and responsibilities and strategy & planning. The effectiveness of the Board Committees was assessed based on the fulfilment of the Board Committees' function as stipulated in their respective terms of reference. Based on the assessments conducted in the financial year under review, it was concluded that the Board and its Committees had operated effectively and possessed all necessary skills, experience and qualities required from them.

**(c) Executive Committee (“EXCO”)**

The EXCO comprises of three (3) members, namely as follows:-

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato’ Anwar bin Haji @ Aji	Chairman	Independent Non-Executive Director
Encik Suhaimi bin Halim	Member	Independent Non-Executive Director
Encik Amalanathan L. Thomas	Member	Independent Non-Executive Director

As for EXCO, the EXCO had discharged its functions and carried out its duties as set out in the TOR of the EXCO. The primary objectives of the EXCO are as follows:-

- (a) to monitor the progress of action plan to address the items raised in the Disclaimer of Opinion (“DO”) issued by the Company’s external

- Auditors, Nexia SSY PLT (“Auditor”) resulting to the Company Practice Note 17 (“PN 17”) status; and
- (b) to handle the administrative matters of the Company.

During the financial year ended 31 December 2023, the EXCO met eight (8) time.

## 9. Director’s Training

The Board will continuously identify relevant training programmes for its members to ensure that they are updated with appropriate professional training to further enhance their professionalism in discharging their fiduciary duties to the Company. Talks, seminars and training programmes attended by Directors during the financial year ended 31 December 2023 are as follows:-

No.	Training/Workshop/Seminar Attended	Organiser	Date
1.	Upholding Corporate Governance, Ethics, & Conduct with integrity standards	Labuan International Insurance Association	21 March 2023
2.	EY Asean Tax Forum	EY	17 May 2023
3.	The Audit Committee – “How to navigate financial reporting oversight amidst potential landmines of misreporting?”	Malaysian Institute of Corporate Governance (MICG)	29 May 2023
4.	MBMR ESG Thought Leadership Series #1	MBM Resources Berhad	12 July 2023
5.	Bursa Malaysia mandatory programme- Leading for Impact	ICDM	7 to 9 August 2023
6.	MBMR ESG Thought Leadership Series #2	MBM Resources Berhad	6 September 2023
7.	“Management of Cyber Risk”	Ernst & Young Consulting Sdn Bhd	3 October 2023

## 10. Directors’ Remuneration

The details of the Directors’ remuneration comprising remuneration received/receivable from the Company for the financial year ended 31 December 2023 are as follows:-

<b>Directors</b>	<b>Fees (RM)</b>	<b>Meeting Allowances for Board and Board Committees (RM)</b>	<b>*Other Allowances (RM)</b>	<b>**Benefit- In-Kind (RM)</b>	<b>Total (RM)</b>
Dato' Anwar bin Haji @ Aji (Chairman)	99,000	21,000	291,000	60,566	471,566
Datuk Puteh Rukiah binti Abd Majid	76,000	24,000	-	-	100,000
Encik Suhaimi bin Halim	70,000	31,000	-	-	101,000
Encik Mohd Shukor bin Abdul Mumin	40,000	12,000	-	-	52,000
Encik Amalanathan L. Thomas	76,000	31,000			107,000
<b>Total</b>	<b>361,000</b>	<b>119,000</b>	<b>291,000</b>	<b>60,566</b>	<b>831,566</b>

Notes:

\* Other Allowances comprises director's allowance, car allowance and entertainment allowance.

\*\* Benefit-in-kind comprises company driver, petrol, maintenance and mobile phone bill

## 11. Remuneration of Top Two (2) Senior Management

The Group was headed by Encik Hazimi bin Baharum as Chief Executive Officer until 15 June 2023. Then after, the Board delegates the authority and responsibility of managing the day-to-day affairs of the Group to the General Manager Finance with the guidance of Executive Committee ("EXCO") by took over the daily operational matters dealt by the previous CEO.

The following are the Senior Management's remuneration for the financial year ended 31 December 2023:

<b>Ranges of Remuneration (RM)</b>	<b>Number of Senior Management</b>
<b>RM350,000 to RM400,000</b>	1
<b>RM200,000 to RM 250,000</b>	1

*(The details of senior management's remuneration are not shown, as the Board considers the information of the said remuneration to be confidential, sensitive and proprietary in view of the competitive nature of the human resource market and to*

*support the Company's efforts in retaining executive talent. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to senior management's remuneration are appropriately served by disclosure in RM50,000 bands.)*

## **PRINCIPLE B: EFFECTIVE RISK MANAGEMENT**

### **1. Audit Committee**

The composition of the AC is reviewed annually with the view to maintain an independent and effective AC and, in line with the principles of the Code, all members of the AC have continuously improved their financial literacy by attending training on the developments and changes in the Malaysian Financial Reporting Standards in order for them to discharge their duties effectively. The Chairman of the AC is not the Chairman of the Board. The AC Chairman is the key contact between the AC members and members of the Board, as well as Senior Management, External Auditors and Internal Auditors. The appointment/re-appointment of the External Auditors is reviewed by the AC annually based on an assessment of their independence and suitability. The TOR and summary of activities of the AC are reported on pages 41 to 41 of the Annual Report.

### **2. Risk Management and Internal Control**

The Board acknowledges its responsibility to maintain a sound system of internal control and risk management practices within the Group, which is important to safeguard the shareholders' investment and the Group's assets. The Board's responsibility includes the establishment of appropriate control and framework as well as reviewing the adequacy and integrity of the system in managing the Group's business risks. The purpose of the Register of Risk is to identify principal business risks and update changes in the risk profile. The Risk Management Handbook summarises the risk management methodology, approach, processes, roles and responsibilities, and various risk management concepts. Further information on the Group's risk management and internal control framework is made available in the Statement of Risk Management and Internal Control of the Annual Report 2023.

## **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS**

### **1. Communication with Stakeholders**

The Company recognises the importance of accountability to its stakeholders through effective and constructive communication and timely dissemination of information on all material business and corporate developments to the

shareholders, stakeholders and the public, in general. The Company keeps its shareholders informed through the timely release of announcements, quarterly financial results, annual report and other explanatory circulars. Any queries and concerns regarding the Group may be conveyed to the Company Secretaries or through our Company email. In addition, the Company also posts its announcements and quarterly financial results via Bursa LINK to enable the public community to be updated on any latest developments pertaining to the Group's business affairs and achievements. Shareholders can also view and access information on the Group's operations and latest projects via its website

## **2. Conduct of General Meetings**

Through the Company's Annual General Meetings, we provide shareholders with the opportunity to engage in dialogue, to seek and clarify issues and to have a better understanding of the Group's performance and activities. The Board would ensure that members of the Board, the Chairman of respective Board Committees and the External Auditors would be present to address any queries raised during the meetings. In view of the COVID-19 outbreak and as part of the safety measures, the general meetings of the Company held in year 2020, 2021, 2022 and 2023 were conducted entirely through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities. Shareholders were allowed to participate (including posing questions to the Board via real-time submission of typed texts) and vote remotely at the general meeting via the RPV facilities. The Notice of Annual General Meetings will be distributed to shareholders in a timely manner and all resolutions set out in the Notice will continue to be carried out by poll voting. An independent scrutineer would also be appointed to validate the votes cast at any Annual General Meeting of the Company. The outcome of the Annual General Meeting will be announced to Bursa Malaysia at the end of the meeting day while the Minutes of the General Meeting will be published on the Company's website as soon as practicable after the conclusion of the General Meeting.

## **3. Constitution of the Company**

The Company had adopted a new Constitution pursuant to the provisions of the Act during the 43<sup>rd</sup> AGM held on 11 June 2019. The Company's Constitution defines the essential components of the structure of the Company and reins the relationship between the Company and its shareholders/shareholders. It regulates the manner in which a company is governed.

## **4. Anti-Bribery and Anti-Corruption**

In an amendment to the Malaysian Anti-Corruption Commission Act 2009 ("MACC"), a corporate liability provision has been introduced, which criminalises a company based on illegal actions taken by its employees (without the presence of adequate procedures) for the benefit of the company. This new provision came into force in June 2020.

## **5. Directors' Fit and Proper Policy**

In line with new paragraph 15.01A of the Listing Requirements, a formal Directors' Fit and Proper Policy was adopted in June 2022. The Directors' Fit and Proper Policy serves as a practice guide for the appointment and re-election of Directors to assist the NRC in discharging their duties and functions in the Board's nomination and re-election process of Directors. The Directors' Fit and Proper Policy is available on the Company's website at [www.zelan.com](http://www.zelan.com).

### **STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS**

Pursuant to paragraph 15.26(a) of the MMLR of Bursa Malaysia the Board has given its assurance that the financial statements are prepared in accordance with the Act and the applicable approved accounting standards for each financial year which gives a true and fair view of the state of affairs of the Group and the Company in a transparent manner at the end of the financial year and of the results and cash flows for the financial year. The Directors' Report for the audited financial statements of the Company and the Group is outlined on pages 47 to 50 of this Annual Report, together with the details of the Company and the Group financial statements for the financial year ended 31 December 2023, which are set out on page 47 to 161 of this Annual Report.

### **COMPLIANCE STATEMENT BY THE BOARD ON THE CORPORATE GOVERNANCE OVERVIEW STATEMENT**

This Statement on the Company's corporate governance practices is made in compliance with paragraphs 15.25 and 15.08A of the MMLR of Bursa Malaysia. Having reviewed and deliberated this statement, the Board is satisfied that to the best of its knowledge, the Company is substantially in compliance with the principles and practices set out in the Code as well as the relevant paragraphs under the MMLR of Bursa Malaysia for the financial year under review. Any practices in the Code which have not been implemented during the financial year would be reviewed by the Board and be implemented where practical and relevant to the Group's business.

This Corporate Governance Overview Statement is made in accordance with a Resolution of the Board dated 26 April 2024.