

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 7233  
**COMPANY NAME** : DUFU TECHNOLOGY CORP. BERHAD  
**FINANCIAL YEAR** : December 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has full control of and is responsible to the Group's strategic aims, ensure the necessary resources are in place for the Group to meet its objectives and review management performance. The Board has set the Group's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.</p> <p>The Group has adopted top-down strategic planning process whereby the Executive Directors will periodically formulate the Group's strategy and communicate it down to the organisation for implementation. During the strategic planning process, the Executive Directors will set the Group's mission and objective. The Executive Directors and/ or Chief Executive Officer will carry out situation analysis, inclusive of allocation of time, human capital and budget with Senior Management before formulating the strategy in achieving the Group's objectives. During the implementation of the strategic plans, relevant policies will be set and communicate to the respective team for implementation and the necessary organisational changes will be put in place. During the implementation stage, Senior Management will continuously monitor the effectiveness of the plan set up by the Executive Directors and/ or Chief Executive Officer.</p> <p>Following the guidelines stated in the MCCG, the Board recognises the key role it plays in charting the strategic direction of the Group and has assumed the following core responsibilities in discharging its fiduciary and leadership functions:</p> <ul style="list-style-type: none"><li>• Set the vision and mission for the Company;</li><li>• Established good corporate governance and culture for the Group;</li><li>• Ensure that the Group adheres to high standards of ethics and</li></ul>

	<p>corporate behaviour including transparency in the conduct of business. In this regard, the Directors are required to comply with the Company's Code of Conduct and Ethics which amongst others includes the declaration of any personal, professional or business interests, direct or indirect which may conflict with directors' responsibilities as a Board Member and to refrain from voting on such transaction with the Group;</p> <ul style="list-style-type: none"> <li>• Review and adopt strategic plan for the Group taking into consideration long-term value creation which includes strategies on economic, environmental and social consideration underpinning sustainability;</li> <li>• Oversight the conduct of the Group's business and to evaluate whether the business is being properly managed;</li> <li>• Set the goals for the management to meet and monitor their performance by setting relevant Key Performance Indicators ("KPI") taking into account sustainability consideration;</li> <li>• Establish written procedures (such as Constitution of the Company, Terms of Reference of relevant Board Committees, Standard Operating Procedure and other documents) in determining which issues required decision of the full Board and which issues can be delegated to relevant Board Committees or to the Management;</li> <li>• Establish various Board Committees and ensure their effectiveness to address specific issues, by considering recommendations of the respective Board Committees and acting on their reports;</li> <li>• Identify principal risks and ensure the implementation of appropriate systems to manage these risks;</li> <li>• Set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks including understanding the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities;</li> <li>• Establish succession planning including appointing, training, fixing the compensation of, and, where appropriate, replacing Senior Management;</li> <li>• Review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;</li> <li>• Ensure that the financial statements of the Group and the Company are fairly stated and conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;</li> <li>• Develop and implement an appropriate investor relations and communications policy for the Company.</li> </ul> <p>Subject to the applicable laws and Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main LR"), the Board reserves</p>
--	--

	<p>full decision-making powers on the following matters:</p> <ul style="list-style-type: none"> <li>• Corporate strategies and plans;</li> <li>• Conflict of interest issues relating to a substantial shareholder or a Director;</li> <li>• Material acquisitions and disposition of assets not in the ordinary course of business;</li> <li>• Material investments in capital projects;</li> <li>• Risk management and internal control policies;</li> <li>• Key human resource issues.</li> </ul> <p>The Board has delegated some of its duties and responsibilities to various committees within the Board. Currently the Board has established six (6) Committees, namely the Audit Committee (“AC”), Nominating Committee (“NC”), Remuneration Committee (“RC”), Investment Committee (“IVC”), Employees’ Share Option Scheme Committee (“ESOSC”) and Risk Management and Sustainability Committee (“RMSC”), the primary functions of which are to assist the Board in overseeing the affairs of the Company and these Committees have been entrusted with specific responsibilities and authority. The authorities and functions of these Board committees are properly set out in their respective Terms of Reference.</p> <p>The abovementioned Committees are authorised to examine specific issues and report to the Board with their recommendations. The responsibility of decisions on all matters ultimately lies with the Board as a whole. The Board receives regular reports on the respective Committees proceedings and deliberations. On matters reserved for the Board and where Committees have no authority to make decisions, recommendations are highlighted in their respective reports for the Board’s deliberation and endorsement.</p> <p>Other than the IVC, the duties and responsibilities of other Board Committees is elaborated in the respective sections of the relevant segments of the Statement on Corporate Governance. The IVC was set up by the Board to review, deliberate and approve the acquisition or disposal of investments or assets of the Group, subject to the terms and conditions as set out in the Group’s Standard Operating Procedures, amongst others:</p> <ol style="list-style-type: none"> <li>a. All Non-Operating Transactions; the Management requires to provide at least 2 quotations for the IVC to review, deliberate and subsequently, approve by the IVC;</li> <li>b. All Operating Transactions that exceed RM2 million or more; the Management requires to provide at least 2 quotations for the IVC to review, deliberate and approve;</li> <li>c. To review, deliberate all Transactions that exceed RM5 million or more or a minimum of 5% of the Group’s Net Tangible Assets (“NTA”) which is based on the latest Quarterly Results announced to Bursa Malaysia Securities Berhad (“Bursa Malaysia”) whichever is lower. Thereafter, the Chairman of IVC shall propose to the Board to either approve or reject the</li> </ol>
--	---

	<p>said Transactions; and</p> <p>d. To decide on the necessary steps (e.g. open tender procedures, appointing approved professionals, etc) to be taken before deliberation and making its proposal to the Board for approval. Upon deciding on the steps to be taken, the IVC shall instruct the Management namely the Finance Department to take the necessary actions as advised by the IVC.</p> <p>The Board meets at least once every quarter to facilitate the discharge of their responsibilities. Additional meetings will be convened when the needs 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**

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The key responsibilities of the Chairman of the Board have been clearly specified in Paragraph 3.4 of the Board Charter, which is available on the Dufu's website at <a href="http://www.dufutechnology.com">www.dufutechnology.com</a>.</p> <p>Dato' Lee, Hui-Ta also known as Li Hui Ta was appointed as the Executive Chairman of the Company on 18 June 2015.</p> <p>Being in the executive position, Dato' Lee has taken the leading role on joint venture pursuits and relations, dealing with external funding (investors and lenders) and strategic plan guidance for the Group.</p> <p>Dato' Lee continues to promote an open environment for debate and ensures effective contributions from the Non-Executive Directors. He also exercises control over the quality, quantity and timeliness of information flow between the Board and Management. At Annual General Meeting, he plays the role in fostering constructive dialogue between shareholders, Board and Management.</p> <p>The Chairman leads the Board by ensuring that Dufu adheres to all the relevant laws and regulations as well as monitors its good corporate and best practices.</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**

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company practices a division of responsibilities between the Chairman and the CEO. Their roles are separated and clearly defined to ensure a balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making.</p> <p>Dato' Lee, Hui-Ta also known as Li Hui Ta, the Executive Chairman of the Company is entrusted to lead the Board's effectiveness and conduct, and as well as to promote an open environment for debate and ensures effective contribution from the Non-Executive Directors. The Chairman also exercise control over the quality, quantity and timeliness of information flow between the Board and Management. At Annual General Meeting, the Chairman plays the role in fostering constructive dialogue between shareholders, Board and Management.</p> <p>Upon the retirement of Mr. Yeoh Beng Hooi on 31 March 2023, Mr. Teoh Chiew Hong is the Group Deputy CEO effective from 1 March 2023 and a year later, he was promoted as the Group CEO. He takes the lead on running the Group across its strategic, operational and organisational processes. In doing so, the CEO is in charge of the day-to-day operations of the business, and together with the management team implements the Group's policies and decisions adopted by the Board, overseeing the operations as well as developing, coordinating and implementing business and corporate strategies.</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**

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'.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Chairman of the board is not a member of the Audit Committee, Nomination Committee or Remuneration Committee.
<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**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Both Company Secretaries of the Company have legal credentials, and are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016.</p> <p>The roles and responsibilities of the Company Secretaries include, but not limited to the following:</p> <ul style="list-style-type: none"><li>• manage all the Board and Board Committees meeting logistics, attend and record minutes of the meetings and facilitate Board communications;</li><li>• advise the Board on its roles and responsibilities;</li><li>• facilitate the orientation of new directors and assist in director training and development;</li><li>• advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;</li><li>• ensure that the relevant procedures are followed and rules and regulations are complied with by the Board members;</li><li>• monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;</li><li>• update the Board, from time to time, on changes in the laws, governance and other regulatory requirements;</li><li>• provide the Board with information pertaining to the Company's business affairs to enable the Board to discharge its responsibilities effectively; and</li><li>• manage processes pertaining to the Annual General Meeting of the Company.</li></ul> <p>The Board is satisfied with the service and support rendered by the Company Secretaries in discharging their roles and duties. They have shown and proven to possess adequate knowledge and experience to carry out their functions effectively. On top of that, the Company Secretaries undertake continuous professional development by attending various seminars and trainings held during the financial year ended 31 December 2023 ("FY2023") to equip themselves with the latest developments pertaining to governance, listing requirements</p>

	and legislative amendments.	
<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**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to all Directors before the beginning of every year. The time table for the proposed Board meetings in the year 2024 was circulated on 31 October 2023.</p> <p>The Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretaries, assesses the type of information required to be provided to the Board. If the information is insufficient, the Board can make further enquiries of which Management shall address the issue soonest possible until the Board is fully satisfied with the feedback received from Management.</p> <p>Generally, the Notice of Meeting for the Board of Directors' Meeting and/or respective Committee Meeting are circulated seven (7) days prior to the Meetings.</p> <p>Also, all meeting papers are shared with Directors via electronic means. This is to ensure the Board and Committee members are able to timely access the information especially for the overseas Board members. This has proven to be efficient in improving the performance and overall effectiveness of the Board's decision making.</p> <p>Amongst others, the periodic agenda of the Board papers include the following:-</p> <ul style="list-style-type: none"><li>• Confirmation of Minutes of the previous meeting</li><li>• To discuss and approve the Quarterly Interim Financial Report</li><li>• To note Directors' and Principal Officers' dealing in securities of the Company</li><li>• Confirm and ratify the Directors' Circular Resolution passed</li><li>• To note the Announcements made through Bursa Link within the period under review</li><li>• Internal Audit Report</li><li>• Risk Management &amp; Sustainability Committee Reporting</li></ul> <p>In promoting productive discussion during the respective Meetings,</p>

	<p>the Directors may seek advice from the Management on issues under their respective purview. The Directors may also interact directly with the Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns. In addition, independent professional advice may be obtained at the Company's expense on specific issues to enable the Board to discharge its duties in relation to matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties, subject to the approval of the Chairman or the Board, depending on the quantum of the fees involved.</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**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter serves as a reference and primary induction literature providing all Board members and Management insights into the fiduciary and leadership functions of the Board.</p> <p>The Board Charter clearly sets out:-</p> <ul style="list-style-type: none"> <li>• the respective roles and responsibilities of the Board, Board Committees, individual directors and management;</li> <li>• issues and decisions reserved for the Board;</li> <li>• Board composition and balances; and</li> <li>• processes and procedures for conducting meetings.</li> </ul> <p>The authorities and functions of Board committees are properly set out in their respective Terms of Reference available on the Company's website, <a href="http://www.dufutechnology.com">www.dufutechnology.com</a>.</p> <p>The Board reviews the Board Charter regularly, to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's strategic intent as well as relevant standards of corporate governance.</p> <p>A copy of the Board Charter, last reviewed by the Board on 27 February 2024 is available at the Company's website, <a href="http://www.dufutechnology.com">www.dufutechnology.com</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 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Code of Conduct and Ethics ("CCE") of Dufu states the standards of responsibility and obligations and promotes fair dealing, integrity and ethical conduct amongst Dufu's Directors and employees. The CCE, which is subject to periodic review, forms part of the Board's responsibility to set the tone and standards in articulating acceptable practices and guide of behaviours expected from Directors, Management and employees that integrates into Dufu's company-wide management practices.</p> <p>The Group takes a "zero-tolerance" approach to all forms of bribery and corruption and is committed to uphold all applicable laws in relation to anti-bribery and anti-corruption. As guided by the Guidelines on Adequate Procedures issued pursuant to section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009, the Board has established a system with relevant policies and procedures to manage bribery and corruption risks of the Group, which include an Anti-Bribery and Anti-Corruption Policy and Charitable and Sponsorship Policy.</p> <p>The Directors and employees ("Dufucian") are required to comply with the highest standards in conducting their daily businesses and ensure full compliance with the law of the country.</p> <p>Dufucian are encouraged to uphold the following: -</p> <ol style="list-style-type: none"> <li>Conduct all business with honesty, integrity and with high ethical standards;</li> <li>Fully comply with Dufu's standards on doing business with integrity;</li> <li>Comply with the country's laws, rules and regulations;</li> <li>Promote ethical behaviour among peers, subordinates,</li> </ol>

	<p>suppliers and customers;</p> <p>e) Promote responsible use of and control over Dufu's resources; and</p> <p>f) Promptly report any violation of the above, violation of law, fraud, or any transaction or relationship that reasonably could give rise to a conflict of interest.</p> <p>The reporting of non-compliances with the CCE may either be made to the Compliance Officer or Audit Committee Chairman depending on its severity. The Compliance Officer and Audit Committee Chairman attending to any case raised are:</p> <p>a) Mr. David Khoo Chong Beng (Compliance Officer) Email: davidkhoo@dufu.com.my</p> <p>b) Ms. Joyce Wong (Audit Committee Chairman) Email: joycewong@dufu.com.my</p> <p>The policies of the CCE covers areas in managing conflicts of interest, preventing abuse of power, business gifts, insider trading and money laundering.</p> <p>In a move towards strengthening corporate governance and promoting high standards of integrity and accountability, the Companies Commission Malaysia ("CCM") had on 11 September 2023 issued a new Code of Ethics for Company Director and Company Secretary ("2023 Code of Ethics"). Thus, the revised CCE of Dufu was reviewed on 27 February 2024 and updated to be in line with the 2023 Code of Ethics.</p> <p>A copy of the CCE is available at the Company's website, <a href="http://www.dufutechnology.com">www.dufutechnology.com</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**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established, reviewed and implemented the policies and procedures on whistleblowing.</p> <p>The objective of the Whistle-Blowing Policy is to facilitate the stakeholders of the Group to report genuine concerns or allegations to a senior or independent member of the management of the Group about alleged unethical behaviour, actual or suspected fraud within the Group, or improper business conduct affecting the Group. The policy is designed to provide protection to those who makes the allegation or reports the misconduct.</p> <p>The Group did not receive any such report in FY2023.</p> <p>The Whistle-Blowing Policy of Dufu Group has detailed the procedures in making a report and is subject to periodically review by the Board.</p> <p>A copy of the Whistle-Blowing Policy, last reviewed on 27 February 2024 is available at the Company's website, <a href="http://www.dufutechnology.com">www.dufutechnology.com</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**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors is responsible for the oversight of the Group's business sustainability strategy and performance and to ensure adequate resources, systems and process are in place for managing sustainability matters. Sustainability governance is a core function within the Group's overall risk management structure. With the formation of Risk Management and Sustainability Working Group ("RMSWG"), the Group's CEO oversees the implementation of the Company's key strategic sustainability initiatives and is supported by the working group comprises of Department Heads from various departments.</p> <p>The Risk Management and Sustainability Committee ("RMSC") comprises of 4 Independent Directors, CEO and CFO of which the Chairman is led by an Independent Director, Ms Joyce Wong Ai May. The Board believes that the new changes will be more effective to ensure the Board's role in considering sustainability matters when exercising its duties of developing and implementing company strategies, business plans, major plans of actions and risk management and that adequate resources, systems and process are in place for managing sustainability matters. The RMSC will review the sustainability reports and emerging issues, if any on biannual basis. Dufu has established its Sustainability Plan 2024 reported in the Sustainability Statement for its Annual Report FY2023 and will continue to review and enhance key performance indicators (KPIs) related to sustainability to further strengthen its governance practices from time to time.</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 4.2**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Dufu recognize the importance of maintaining good degree of communication and understanding with all the internal and external stakeholders. It is essential in Dufu's journey to be a good corporate governance and reputable sustainable business entity. The Company's Sustainability Statement (as contained in its Annual Report) is prepared with reference to the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") 2021, Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations, the FTSE4Good Bursa Malaysia Index and align with United Nations Sustainable Development Goals ("UNSDGs").</p> <p>In communicating sustainability matters to its stakeholders, the Company has been practicing the following methods in its Environmental (E), Social (S) and Governance (G) ("ESG") engagement:-</p> <ul style="list-style-type: none"> <li>• Publishing the sustainability strategies on its corporate website</li> <li>• Annual communication via sustainability reporting as summarized in its Sustainability Statement 2023</li> <li>• Conducted Stakeholder engagement to identify key stakeholder of the Group and thereafter setting the stakeholder prioritisation through the materiality assessment exercise</li> <li>• Ongoing corporate responsibility ("CSR") initiatives and projects</li> <li>• Conducting relevant programmes in creation of employees awareness on the Company's ESG commitments</li> <li>• Public Statements, media engagement and marketing</li> <li>• Providing historical performance data for better understanding of the Company's sustainability journey</li> </ul> <p>A comprehensive target for its sustainability initiatives and strategies have been established via its Sustainability Plan 2024 reported in the Sustainability Statement for its Annual Report FY2023.</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 4.3**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretaries and also Management regularly updates the Board on the changes of the Main LR upon receiving the circulars from Bursa Securities, which are relevant to the Company and provide advice on corporate disclosures and compliances which includes understanding of sustainability issues.</p> <p>The Board via NC will assess and ensure all directors receive appropriate continuous training particularly on sustainability issues relevant to the Company and its business, including climate-related risks and opportunities and the Board will also be evaluated on sustainability aspects as part of Board's annual appraisal.</p> <p>Where necessary, the Company will upskill the board and senior management on sustainability issues including climate-related topics, such as internal workshops and training or external collaboration with expert organisations. Besides, the Management has also endeavour in joining the ESG related forums and conferences.</p> <p>Dufu initiated to disclose its climate-related initiatives using the TCFD's framework effective FY2023. Various potential risks related to physical and transition risks and opportunities have been identified, with the RMSC overseeing these aspects to ensure they are closely monitored, measured, and appropriately mitigated.</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 4.4**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has implemented a yearly Management Achievements as part of the Company's annual appraisal for employees holding the role of assistant manager and above. The assessment criteria for Management Achievements includes managing business sustainability risk and opportunities and contribution towards value creation. Business sustainability contributes between 30% to 70% of the score ratio in Management Achievements depending on its importance to the individual department.</p> <p>The Board evaluation on 23 February 2023 takes into consideration the performance of the Board in addressing the Company's material sustainability risks and opportunities and also the conduct of the Board to stay abreast with the on-going development and understanding of the sustainability issues relevant to the Company and its business.</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.*

<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 5.1**

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee (“NC”) assists the Board in ensuring the existence of the right mix of skills, knowledge, experience, qualities, gender, nationality, age and other attributes that are relevant and contribute to the effective functioning of the Board and these are reviewed yearly.	
		The Board through the NC conducts an annual evaluation to determine the effectiveness of the Board as a whole, Board Committees and individual Directors (“Board Evaluation”). The Board Evaluation includes assessment of the independence of the Independent Directors. The tenure of the Independent Directors as at 31 December 2023 are as follows:	
		Director	Tenure
		Sung, Cheng Hsi	8 years and 2 months
		Joyce Wong Ai May	7 years and 6 months
	Yin Chih-Chu also known as Laurence Yin	7 years and 1 month	
	Lee Yoke Khay	6 years and 8 months	
		Based on the findings, the Board and Board Committees had been effective in their overall discharge of functions and duties.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Dufu, comprises six (6) Directors i.e. four (4) Independent Non-Executive Directors ("INEDs") and two (2) Executive Directors, inclusive of the Executive Chairman. All the four (4) INEDs satisfy the independence test under the Main LR. They constitute 66% of the Board.</p> <p>The INEDs upon their appointment, gave a letter of confirmation as an Independent Director to the Company as defined under Paragraph 1.01 of the Main LR.</p> <p>In addition, the assessment of independence of the INEDs are conducted on an annual basis via the Forms of declaration of independence, to facilitate the process of determining the Director's independence on an annual basis by each INED. The Nominating Committee ("NC") also reviews the Directors Profile of Independent Directors and assess its family relationship, interest of shareholdings in the Company, any significant transaction with the Group (if any).</p> <p>In view of the fact that independent and objective judgement could be compromised by amongst others, familiarity or close relationship with other Board members, the Board recognised the importance to focus beyond the INEDs' background, economic and family relationships, and consider whether the INEDs could continue to bring independent and objective judgement to Board deliberations.</p> <p>Among the criteria considered for independency includes: ability to exercise independent comments, judgment, and constructive contribution at all times required from an effective Board member. The relationship between the Independent Directors with substantial shareholders, Executive Directors, persons related to the Executive Director/Major Shareholder, business transactions with the Group and their tenure of office will also be reviewed.</p> <p>Based on the Independent Directors' yearly confirmation of their independence and annual Director self/peer evaluation for the financial year 2023, the Board was satisfied that the Independent Directors continued to exercise independent and objective judgement and acted in the interest of the Company and its stakeholders.</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 5.3**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The tenure of Independent Directors in Dufu was within 9 years during the FY 2023.</p> <p>Based on the Company's Policy on Independence of Directors, the tenure of an Independent Director shall not exceed a cumulative of nine years and shall not be further extended. The Board, through the NC, shall commence a search for replacement of an outgoing Independent Director prior to the end of the anticipated nine-year term.</p> <p>The Policy on Independence of Directors is available on the Company's website at <a href="http://www.dufutechnology.com">www.dufutechnology.com</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**

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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Board of Dufu has on 25 February 2022 adopted a formal policy to limit the tenure of an independent director to nine years without further extension.

**Intended Outcome**

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

**Practice 5.5**

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

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

Application	:	Applied																																												
Explanation on application of the practice	:	<p>The Board acknowledges the importance of Board diversity to the effective functioning of the Board. The Board has adopted a Board Diversity Policy, which is available on the Company’s website at <a href="http://www.dufutechnology.com">www.dufutechnology.com</a>.</p> <p>Differences in thought, perspective, knowledge, skills, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender will be considered in determining the optimum Board composition.</p> <p>A Board Skills Matrix has been used as reference for the Directors’ continuing development and succession planning. The current Board as a whole possesses a diverse set of skills, experience and expertise, which are necessary to govern the Group and in relation to the following:</p> <table><tr><th>No.</th><th>Industry and Background Experience ^</th><th>Percentage</th></tr><tr><td>1.</td><td>Technology</td><td>50%</td></tr><tr><td>2.</td><td>Marketing</td><td>83%</td></tr><tr><td>3.</td><td>Industrial</td><td>66%</td></tr><tr><td>4.</td><td>Corporate</td><td>100%</td></tr><tr><td>5.</td><td>Accounting / Finance</td><td>83%</td></tr><tr><td>6.</td><td>Internal Audit</td><td>16%</td></tr><tr><td>7.</td><td>Law / legal</td><td>16%</td></tr></table> <p>^ Individual Directors may fall into one or more categories</p> <p>The diversity in the race/ethnicity (cultural background), nationality, age and gender of the existing Board are as follows:-</p> <table><tr><th rowspan="2"></th><th colspan="4">Race / Ethnicity</th><th colspan="2">Nationality</th></tr><tr><th>Malay</th><th>Chinese</th><th>Indian</th><th>Others</th><th>Malaysian</th><th>Foreigner</th></tr><tr><td>Number</td><td>-</td><td>2</td><td>-</td><td>4</td><td>2</td><td>4</td></tr></table>	No.	Industry and Background Experience ^	Percentage	1.	Technology	50%	2.	Marketing	83%	3.	Industrial	66%	4.	Corporate	100%	5.	Accounting / Finance	83%	6.	Internal Audit	16%	7.	Law / legal	16%		Race / Ethnicity				Nationality		Malay	Chinese	Indian	Others	Malaysian	Foreigner	Number	-	2	-	4	2	4
No.	Industry and Background Experience ^	Percentage																																												
1.	Technology	50%																																												
2.	Marketing	83%																																												
3.	Industrial	66%																																												
4.	Corporate	100%																																												
5.	Accounting / Finance	83%																																												
6.	Internal Audit	16%																																												
7.	Law / legal	16%																																												
	Race / Ethnicity				Nationality																																									
	Malay	Chinese	Indian	Others	Malaysian	Foreigner																																								
Number	-	2	-	4	2	4																																								

	of Directors																				
	Age Group (years)			Gender																	
		40-49	60-69	70-79	Male	Female															
	Number of Directors	2	3	1	5	1															
<p>The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. The attendance record of the Directors for the FY2023 was satisfactory. The number of Board meetings attended by the respective Directors are as follows:-</p>																					
<table><tr><td>Director</td><td>No. of meetings attended</td></tr><tr><td>Dato’ Lee, Hui-Ta also known as Li Hui Ta</td><td>4/4</td></tr><tr><td>Wu, Mao-Yuan</td><td>4/4</td></tr><tr><td>Sung, Cheng-Hsi</td><td>4/4</td></tr><tr><td>Joyce Wong Ai May</td><td>4/4</td></tr><tr><td>Yin, Chih-Chu also known as Laurence Yin</td><td>4/4</td></tr><tr><td>Lee Yoke Khay</td><td>4/4</td></tr></table>								Director	No. of meetings attended	Dato’ Lee, Hui-Ta also known as Li Hui Ta	4/4	Wu, Mao-Yuan	4/4	Sung, Cheng-Hsi	4/4	Joyce Wong Ai May	4/4	Yin, Chih-Chu also known as Laurence Yin	4/4	Lee Yoke Khay	4/4
Director	No. of meetings attended																				
Dato’ Lee, Hui-Ta also known as Li Hui Ta	4/4																				
Wu, Mao-Yuan	4/4																				
Sung, Cheng-Hsi	4/4																				
Joyce Wong Ai May	4/4																				
Yin, Chih-Chu also known as Laurence Yin	4/4																				
Lee Yoke Khay	4/4																				
<p>All Directors are required to declare their directorships. When a Director has multiple directorships, the NC will consider whether the Director is able to adequately carry out his duties as a Director of the Company, after taking into consideration the number of directorships and other principle commitments. Although some of the Directors have multiple directorships, the NC is satisfied that the Directors are still able to devote sufficient time and attention to the matters of the Company in discharging their obligations and duties towards the Company.</p>																					
<p>Save for restriction of Paragraph 15.06 of the Main LR where a Director of the listed issuer shall not hold more than 5 directorships in listed issuers, the Board has not set the maximum number of directorships a Director may hold because each Director would be able to manage and assess his own capacity and ability to take on obligations or commitments when serving on the Board. In addition, the Board is of the view that setting a maximum number of directorships would not be meaningful as the contributions of the Directors would depend on many factors and their respective varied capabilities.</p>																					
Explanation for departure	:																				

*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**

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 NC is responsible for identifying candidates and reviewing all nominations for the appointment of Directors. The criteria for the appointment of Directors are driven by the need to position and shape the Board in line with the needs of the Group and its strategic and business goals. In recommending new Directors, if any, the NC relies mainly on the contacts and network of the entire Board. However, the NC may engage the services of external recruitment companies, if necessary.</p> <p>The Board, with the help of the NC, looks into the background, skill sets, career experience and professional qualifications of a candidate to determine whether he or she is able to contribute to the growth of the Group. The Board places particular attention on his or her past achievements to determine whether he or she can enhance the quality and robustness of the decision-making process of the Board. The Directors' Fit and Proper Policy adopted by the Board on 25 February 2022 also ensure the person must have the necessary skills, experience, ability and commitment to carry out the role.</p> <p>The NC then meets with the shortlisted potential candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before recommending the most suitable candidate to the Board for approval and appointment as a Director of the Company. Upon acceptance, the Board will approve the appointment and make the necessary announcement to Bursa Securities.</p> <p>There was no new appointment of Directors in FY2023.</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>	:	<p>The information of the Board of Directors and their respective profiles, position or relationship are included in the Board of Directors' Profile in the Annual Report whereas their interest is included in the Analysis of Shareholdings.</p> <p>All Directors, including the Executive Director submit themselves for re-election at regular intervals. Under the Paragraph 102 of the Company's Constitution, each Director shall retire from office at least once every three (3) years and a retiring Director shall be eligible for re-election. One-third of the Board is to retire from office by rotation and be subject to re-election at the Company's AGM.</p> <p>On 23 February 2023, the Board through the NC had undertaken an annual assessment on the Directors whose are seeking for re-election pursuant to Paragraph 102 of the Company's Constitution at the 21st AGM of the Company. The Board and NC are satisfied with the performance assessment of retiring directors which is guided by the Company's Directors' Fit and Proper Policy, i.e. meeting attendances, participated actively and contributed positively during deliberations or discussions at Board Meetings, competency and capability, understanding of their roles and responsibilities. Thus, the Board recommended that the approval of the shareholders be sought for the re-election of the said Directors at the 21st AGM of the Company.</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 5.8**

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

Application	:	Applied	
Explanation on application of the practice	:	The Nominating Committee is chaired by Mr. Lee Yoke Khay, who is an Independent Non-Executive Director.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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>The Board has in place a Board Diversity Policy which recognises Board diversity including gender diversity as an essential measure of good corporate governance and an attribute of a well-functioning board. In line with the Main LR, the Board Diversity Policy requires to have at least one-woman director on the Board.</p> <p>The Board is of the view that while selection of candidates for appointment to the Board will be based on a range of diversity perspective including gender, merit and contribution that the selected candidates will bring to the Board should be prioritised in deciding appointments to the Board.</p> <p>Women representation on the Board remained at 17% throughout the FY2023.</p>
		Alternate Practice: None
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Company would actively seek out qualified women candidates for board positions.
<b>Timeframe</b>	:	Others

**Intended Outcome**

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

**Practice 5.10**

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has adopted the Board and Senior Management Diversity Policy, accordingly, the same will be disclosed in its Annual Report.  The Board Diversity Policy is available on the Company’s website at <a href="http://www.dufutechnology.com">www.dufutechnology.com</a> .	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: <p>The Board, based on the recommendation of the NC, recognises the need for regular reviews and evaluations of the effectiveness of the Board as a whole, each Board Committee and the effectiveness of individual Directors.</p> <p>Based on the recommendations of the NC, the Board has in place an annual assessment exercise for the Directors to assess the effectiveness of the Board as a whole, each Board Committee, and the contribution by individual Directors to the effectiveness of the Board.</p> <p>The performance criteria for the Board and Board Committees evaluation are in respect of board structure, strategy and performance, board risk management and internal control, board information, board procedures, standards of conduct, compensation and communication with shareholders. The primary objective of the board evaluation exercise is to create a platform for the Board to provide constructive feedback on board procedures and processes, and changes which should be made to enhance the effectiveness of the Board.</p> <p>Individual Director's performance is evaluated annually and informally on a continual basis by the NC and the Chairman of the Board. Some factors taken into consideration by the NC and the Chairman of the Board include contribution to the development of strategy, availability at board meetings (as well as informal contribution via email and telephone), interactive skills, degree of preparedness, industry,</p>



	<p>business knowledge and experience each Director possess which are crucial to the Group's business. The individual Director evaluation exercise assists the NC in determining whether to re-nominate Directors who are due for retirement at the forthcoming annual general meeting, and in determining whether Directors with multiple directorships are able to and have adequately discharged their duties as Directors of the Company.</p> <p>During FY2023, the evaluation of the Board and Board Committees was conducted via questionnaires, which was completed by each member of the Board and each member of the respective Board Committees. Each Director also completed an individual Director assessment checklist to assess each Director's performance and contribution to the Board's effectiveness.</p> <p>To ensure confidentiality, the completed evaluation forms were submitted to the Company Secretary for collation. The consolidated responses were presented to the NC for review before submitting to the Board for discussion and to determine areas for improvement to enhance the Board's effectiveness.</p> <p>Following the review in FY2023, the Board is of the view that the Board and its Board Committees operate effectively, and each Director is contributing to the overall effectiveness of the Board.</p> <p>No external facilitator was used in the evaluation process.</p> <p>Based on the current size of the Group and the Board composition, the Company would continue to conduct the annual evaluation/assessment of individual Director, Board/Committee Effectiveness by the NC, in meeting the Company's current needs and requirements for the time being.</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><b>Measure</b></p>	<p>: The Board is in the opinion that the annual evaluation carried out by the Board Committee are sufficient to address effectiveness of the Board, Board Committee and individual director.</p>		
<p><b>Timeframe</b></p>	<table border="1"> <tr> <td data-bbox="561 1507 950 1591">: Others</td><td data-bbox="950 1507 1377 1591">Not Applicable</td></tr> </table>	: Others	Not Applicable
: Others	Not Applicable		

**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>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 Group's remuneration policies and decisions are made through a transparent and independent process.</p> <p>The policies and procedures are periodically reviewed. The Directors' Remuneration Policy and Senior Management's Remuneration Policy are last reviewed on February 25, 2022 and available on the Company's website at <a href="http://www.dufutechnology.com">www.dufutechnology.com</a>.</p> <p>The RC assists the Board mainly in establishing formal and transparent remuneration policies and procedures to attract and retain Directors. The RC is also entrusted with the role of determining and recommending suitable policies in respect of salary packages for Executive Directors and Senior Management. The current salary packages comprise a combination of basic salary, fixed fee in recognition of additional responsibility as a director of the Company, directors' meeting allowances and a variable performance incentive based on level of responsibilities, Group's profitability and overall contributions to the Company's long-term objectives.</p> <p>The remuneration for Non-Executive Directors is based on a standard range of fixed fee, with the Chairman of Audit Committee receiving a higher amount in recognition of her additional responsibilities. A meeting allowance is paid for attendance at meetings of the Board and Board Committees as well as general meetings. The Company has in force a Directors and Officers Insurance Policy essentially covering</p>

	<p>the acts of Directors and Officers.</p> <p>Directors' fees and benefits payable to Directors are subject to yearly approval by shareholders at the Company's AGM. Based on the Directors' Remuneration Policy, Directors' remuneration is reviewed on yearly basis.</p> <p>The competitiveness of total remuneration for Directors is assessed against companies in the similar industry taking into consideration the location proximities, companies with good governance practices and companies of similar asset size and market capitalisation.</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>Following the introduction of MCCG, the RC should only consist of Non-Executive Directors and a majority of them must be Independent Directors. The current composition of the RC conforms to MCCG requirement and its four (4) members are Independent Non-Executive Directors.</p> <p>The Terms of Reference of RC which deals with its authorities and duties are disclosed and is available at the Company's website, <a href="http://www.dufutechnology.com">www.dufutechnology.com</a>. The Terms of Reference of RC was last updated by the Board on 27 February 2024.</p> <p>The RC is responsible for, inter-alia, recommending to the Board the remuneration policy for, including the establishment of a formal and transparent methodology in determining the remuneration of Executive Directors and Non-Executive Directors and to review remuneration policy and methodology when necessary; review the existing level of remuneration of Executive Directors and to recommend their remuneration to the Board based on the Company's and their individual performance to ensure their remuneration package commensurate with the scope of responsibilities held. The RC also ensures the level of remuneration for Non-Executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.</p> <p>The RC is responsible to develop the Company's remuneration framework to ensure they remain competitive and consistent with the Company's business strategy and long-term objectives. The policy on Directors' remuneration practiced by the RC is to provide the remuneration packages necessary to attract, retain and motivate</p>

	<p>Directors of the quality required to manage the Group’s business and to align the interest of the Directors with those of the shareholders. The RC meets at least once a year or at any other times as the Chairman or any member of the RC decides. During FY2023, the RC met once on 23 February 2023 to review the remuneration packages for the Executive Directors and CEO of Dufu Group. The Directors play no part in deciding their own remuneration and shall abstain from discussion or voting on their own remuneration.</p> <p>The attendance by the respective Directors are as follows:-</p> <table><tr><th><i>Director</i></th><th><b>No. of meetings attended</b></th></tr><tr><td><i>Sung, Cheng-Hsi</i></td><td>1/1</td></tr><tr><td><i>Joyce Wong Ai May</i></td><td>1/1</td></tr><tr><td><i>Yin, Chih-Chu also known as Laurence Yin</i></td><td>1/1</td></tr><tr><td><i>Lee Yoke Khay</i></td><td>1/1</td></tr><tr><td></td><td></td></tr></table>		<i>Director</i>	<b>No. of meetings attended</b>	<i>Sung, Cheng-Hsi</i>	1/1	<i>Joyce Wong Ai May</i>	1/1	<i>Yin, Chih-Chu also known as Laurence Yin</i>	1/1	<i>Lee Yoke Khay</i>	1/1		
<i>Director</i>	<b>No. of meetings attended</b>													
<i>Sung, Cheng-Hsi</i>	1/1													
<i>Joyce Wong Ai May</i>	1/1													
<i>Yin, Chih-Chu also known as Laurence Yin</i>	1/1													
<i>Lee Yoke Khay</i>	1/1													
<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>	:	Instruction – Please disclose the required information in the table below. Sole reference to the annual report, without disclosing the required information in the table provided is not allowed.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Lee Hui-Ta also known as Li Hui Ta	Executive Director	42	6	Input info here	Input info here	Input info here	Input info here	48	42	6	802	211	15	Input info here	1,076
2	Wu, Mao-Yuan	Executive Director	42	6	Input info here	Input info here	Input info here	Input info here	48	42	6	498	251	Input info here	80	877
3	Joyce Wong Ai May	Independent Director	66	10	Input info here	Input info here	Input info here	Input info here	76	66	10	Input info here	Input info here	Input info here	Input info here	76
4	Sung, Cheng Hsi	Independent Director	42	6	Input info here	Input info here	Input info here	Input info here	48	42	6	Input info here	Input info here	Input info here	Input info here	48
5	Yin, Chih-Chu also known as Laurence Yin	Independent Director	42	6	Input info here	Input info here	Input info here	Input info here	48	42	6	Input info here	Input info here	Input info here	Input info here	48
6	Lee Yoke Khay	Independent Director	42	6	Input info here	Input info here	Input info here	Input info here	48	42	6	Input info here	Input info here	Input info here	Input info here	48
7	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**Intended Outcome**

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

**Practice 8.2**

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>For the Financial Year 2023, a total remuneration of RM2,890,824 was paid to the Group's top five senior management.</p> <p>Disclosing the senior management's remuneration in detail would be disadvantageous to the Group, given the competition for talent in the market and sensitive nature of remuneration packages.</p> <p>The remuneration packages of senior management are always benchmarked against the industry and geographical location to ensure that the remuneration packages are commensurate with individual duties, responsibilities and performance as well as the Group's performance.</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>	:	The Board will continue to monitor development in the market in respect of the disclosure of senior management's detailed remuneration and evaluate the related implications for future consideration.
<b>Timeframe</b>	:	Others



No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Ms. Joyce Wong Ai May is the Chairman of the Audit Committee with effective from 3 April 2017. She is not the Chairman of the Board.	
<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>In the current Board composition, there is no former key audit partner serving as member of the AC of the Company</p> <p>The Board recognises that if a former key audit partner joins the Company as a director, an officer, or an employee who is in a position to exert significant influence over the financial statements of Dufu (the subject matter information) before the audited annual financial statements, for which the partner was formerly a member of the engagement team or the individual responsible for the engagement quality control review, has been filed with the registrar or other appropriate authority, the self-interest, familiarity and intimidation threats created would be so significant no safeguard could reduce the threat to an acceptable level.</p> <p>The Board has adopted the policy that requires a former key audit partner to observe a cooling-off period of at least three (3) financial years before being appointed as a member of the AC.</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>The Board has adopted the Policy for the Assessment of the Suitability and Independence of External Auditors. Accordingly, the Committee has established an Assessment Questionnaires. The areas assessed were (i) calibre; (ii) quality processes / performance; (iii) audit team; (iv) independence and objectivity; (v) audit scope and planning; (vi) audit fees; and (vii) audit communication.</p> <p>The AC conducts an annual assessment of the Company's external auditors to ensure that the external auditors are independent of the activities they audit, and reviews their contracts for provision of non-audit services. Feedback based on the assessment areas is obtained from the senior management. The AC also consider information presented in the <i>Annual Transparency Report</i> of the external auditors. Premised on the assessment result, the AC makes recommendation for re-appointment of external auditors accordingly.</p> <p>The AC had conducted an evaluation of the external auditors, Messrs. Crowe Malaysia PLT for the Financial Year 2023. In facilitating the assessment of Crowe Malaysia PLT, assessment forms were sent to the aforesaid participants for their feedback. Following review of the assessment result at its meeting in February 2024 and their <i>2023 Annual Transparency Report</i>, the AC recommended the reappointment of Crowe Malaysia PLT for shareholders' approval at the forthcoming AGM in May 2024.</p> <p>In support of the assessment on independence, the AC has also obtained confirmation from the External Auditors that Messrs. Crowe Malaysia PLT have maintained its independence in accordance with Messrs. Crowe Malaysia PLT's requirements and with the provision of the By-Laws on Professional Independence of the Malaysian Institute of Accountants ("MIA"), they are not aware of any cause that in their professional judgement, may be thought to impair their independence.</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 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The present composition of the AC consists of four (4) members of the Board, all of whom are Independent Non-Executive Directors. This meets the requirements of paragraph 15.09(1)(a) and (b) of the Main LR.



**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>This composition of our AC meets the requirements of paragraph 15.09(1)(a) and (b) of the Main LR.</p> <p>Ms. Joyce Wong Ai May, the Chairman of the AC, graduated from the University of Tasmania with a Bachelor of Commerce, majoring in Accounting and Finance. She is an accountant by profession and a member of the Malaysian Institute of Accountants and the Certified Practicing Accountants, Australia. Thus, this meets the requirements of paragraph 15.09(1)(c) of the Main LR, which stipulates that at least one member of the AC must be a qualified accountant.</p> <p>Mr. Sung, Cheng-Hsi is the Chief Financial Officer ("CFO") of an investee company of Tatung Company, a company listed in Taipei Stock Exchange where he primarily manages the financial risk, financial planning as well as financial reporting to higher management whilst Mr. Yin, Chih-Chu also known as Laurence Yin has vast experiences in both financial and wide industrial knowledge. Mr. Lee Yoke Khay is a practicing advocate &amp; solicitor and is currently a partner of Messrs. Ooi Lee &amp; Co. All members of the AC are financially literate and believed to be able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the AC. In order to keep abreast with recent developments in accounting standards and auditing standards, practices and rules, the AC members continued their professional development to enhance their skills and knowledge by attending programmes and seminars set out in the Corporate Governance Overview Statement of 2023 Annual Report.</p> <p>The composition of the AC which meets the requirements of paragraph 15.09(1)(a) and (b) of the Main LR, its terms of reference,</p>

	attendance of meetings by the individual members and the summary of activities are set out in the AC Report of 2023 Annual Report.	
<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 10.1**

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>The Board is fully aware of its responsibility to safeguard and enhance the value of shareholders in the Group. The Board has continuously placed emphasis on the need for maintaining a sound system of internal control. The internal control systems are designed to manage and mitigate rather than eliminate the risk of failure in achieving the Company's corporate objective and safeguarding the Company's assets as well as investors interests.</p> <p>The Board has put in a risk management framework and ongoing process to assess the various types of risks, which might have an impact on the profitable operation of the Group's business. These include strategic risk, operational risk and project risk. The following outlines the Group's risk management objectives:-</p> <ul style="list-style-type: none"> <li>(a) to assess the principal risks faced, or potential risk exposure by the Group in its business operation and to implement appropriate internal control systems that will mitigate those risks;</li> <li>(b) to review adequacy and integrity of internal control in compliance to guideline, laws and regulation, and to response to changes of business environment from time to time;</li> <li>(c) to weight business decisions against the philosophy that business risks would be necessarily incurred if the associated rewards are expected to enhance the Group's shareholder value;</li> <li>(d) to ensure risks which may have a significant impact upon the Group are identified in a manner which would result in their expeditious treatment;</li> <li>(e) to provide an assurance regarding the extent of Group's compliance with regulatory requirements and the policies and procedures in place.</li> </ul>
<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**

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>	:	<p>During the FY 2023, the Risk Management and Sustainability Working Group ("RMSWG") which reports directly to the Risk Management and Sustainability Committee ("RMSC") is responsible to perform a periodic review, assessment and update of the Risk Register. The Group's Enterprise Risk Management ("ERM") system is an ongoing and systematic process to identify, assess, respond and monitor risks. The RMSWG is required to identify major business and compliance risks concerning their respective business units, oversees and ensures integration of risk management into their business processes to safeguard the interest of the Group covering sixteen (16) risk areas such as Purchasing, Sales and Marketing, Conversion and Production, Management Information System, Human Resource Management, Cash Management, Finance and Corporate, Inventory Management, Assets Management, Anti-Corruption and Bribery Management, Logistics, General Safety and Security, Intellectual Property, External Environment, Product and Process Development and Quality System. The risks are identified and assessed by employing the following methodologies:</p> <ul style="list-style-type: none"><li>• Identification of risks by the process owners;</li><li>• Assessment of the likelihood and impact of the risks identified;</li><li>• Evaluating the control strategies in relation to the risks;</li><li>• Formulating action plan to address control deficiencies; and</li><li>• Setting Key Risk Indicators to monitor the risks.</li></ul> <p>Formal database of risks and controls information arising from the quarterly risk assessment exercise shall be captured in the format of risk registers. The identified risks are assessed and rated from low, moderate, high to significant depending upon the severity of consequence and the likelihood of its occurrence and financial impact on the Group's cash flow and profit. The Chief Financial Officer and where applicable the owner of the risk profile shall present the Group's Risk Report and updates the RMSC at least twice a year on the status of the Group's ERM process, changes in risk profiles and their controls which are in place. Thereafter, the RMSC will report to the</p>

	<p>Board about the activities carried out during the period and to discuss with the Board the necessary actions and strategies to be implemented.</p> <p>The Board through the AC reviewed the Group's internal control based on the audit test carried out by the Internal Auditors which are outsourced by the Company. The statement on Risk Management and Internal Control is one of the contents of the Group's yearly Annual Report that provides an overview on the state of risk management and internal controls within 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 10.3 - 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>	:	The Company has on 25 February 2022 established the Risk Management and Sustainability Committee consists of four (4) members of the Board, all of whom are Independent Non-Executive Directors and two (2) members from management namely the CEO and CFO.

**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>The Company has outsourced the Internal Audit functions to Eco Asia Advisory Sdn. Bhd. ("Eco Asia"), an independent professional firm as the Internal Auditors for FY2023. During the financial year, Eco Asia carried out a total of three (3) audit assignments comprising six (6) operating cycles on the Group in accordance with the audit plan. The Internal Auditors had updated the principal risk faced, or potentially exposed by the Group in their internal audit reports to the AC on quarterly basis. On top of that, Dufu also engaged Eco Asia to perform the limited review of its sustainability statement for inclusion of its Annual Report FY2023.</p> <p>The Internal Audit Review Report for FY2023 prepared by Eco Asia covered the review of the Group's two subsidiaries namely Dufu Industries Sdn Bhd ("DISB") and Guangzhou Futron Technology Co., Ltd. ("Futron") in the following areas:</p> <ul style="list-style-type: none"><li>• Credit Control - DISB</li><li>• Conversion and Production - DISB</li><li>• Management Information System – Futron</li><li>• Inventory Management - Futron</li><li>• Maintenance of Machinery - Futron</li><li>• Conversion and Production - Futron</li></ul> <p>On 23 February 2023, the Internal Audit Plan for year 2023 was tabled for AC's review and approval. The AC reviewed the Internal Audit Plan which was developed based on the methodology practiced by Eco Asia focusing on the core business processes of the Group. The AC approved the said Plan upon incorporation of the comments from the Committee and advise from the Internal Auditors;</p> <p>The findings of internal audits including the audit recommendations made by the Internal Auditors and the Management responses to those recommendations are reported directly to the AC. Where appropriate, the AC directed the Management to rectify and improve control and workflow procedures based on the Internal Auditors' recommendations and suggestion for improvements.</p>



	<p>Besides, the AC also follow up from time to time the updates and corrective actions by the Management on the weaknesses reported in the prior quarters.</p> <p>Areas for improvement were highlighted and the implementation of recommendations was monitored. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.</p> <p>Further details of the Internal Audit activities are set up in the Statement on Risk Management and Internal Control of 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

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>As explained in Paragraph 11.1, the Board has decided to outsource the engagement of internal audit function for the Company.</p> <p>Our Internal Audit engagement with Eco Asia is led by its Executive Director, Mr. Woon Soon Fai. He is a Fellow Member of the Association of Chartered Certified Accountants (“FCCA”) and a member of Malaysian Institute of Accountants (“MIA”). He started his career in PricewaterhouseCoopers Malaysia in 2004 and was a former Principal of UHY Advisory (KL) Sdn Bhd from 2010 to 2016 where he was the team leader for various corporate advisory services, internal control reviews and external auditing. Overall, he has over fifteen (15) years of professional experience in providing public offerings advisory, corporate debt restructuring, financial due diligence, valuations and internal controls review, risk management and corporate governance reviews for proposed listing, external audit and reporting accountant services.</p> <p>The outsourced Internal Auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the International Professional Practices Framework (“IPPF”) that provides guidance to internal audit services. Neither any of the Internal Auditors has any family relationship with any Directors and/or major shareholders of the Company, nor any conflict of interest with the Group that could impair their objectivity and independence in the course of their audit.</p> <p>In view of the above measures in place in developing the scope of the Internal Audit function, the AC is satisfied that:-</p> <ul style="list-style-type: none"><li>• the person(s) responsible for the internal audit has relevant experience, sufficient standing and authority to enable them to discharge their functions effectively</li><li>• internal audit has sufficient resources and is able to access information to enable it to carry out its role effectively; and</li></ul>

	<ul style="list-style-type: none"> <li>the personnel or firm assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively.</li> </ul>	
<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>The Board ensures there is effective, transparent and regular communication with its stakeholders.</p> <p>The Board recognises the importance of maintaining transparency and accountability to its shareholders and investors and to disseminate information on the Company's performance and any significant developments to ensure that they are informed of all material business matters on a timely manner.</p> <p>Presently, the Board and management of Company communicate regularly with its shareholders and other stakeholders through the following channels of communication:</p> <ol style="list-style-type: none"> <li>1. Website of Bursa Securities The Company releases all material information publicly through Bursa Securities and the shareholders and the public in general may obtain such announcements and financial information from the website of Bursa Securities.</li> <li>2. Company Website Our Company's website, <a href="http://www.dufutechnology.com">www.dufutechnology.com</a> incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by both the shareholders and general public. This Investor Relations section is provided to enhance the Investor Relations function by including all the announcements made by the Company.</li> <li>3. Analyst Briefings and Correspondence Analyst briefings and correspondence with analysts, media and fund managers are held from time to time upon request and availability to provide updates on the Company's strategy, financial and operational performance.</li> </ol> <p>Apart from the above, the Company also maintains continuous</p>

	engagement with the other stakeholders, including but not limited to it employees, consumers, regulators, suppliers, media and community in general. The full details of the Company’s stakeholder engagements are available on page 26-27 of the Company’s 2023 Annual Report.	
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

**Intended Outcome**

There is 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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is mindful on the benefit of Integrated Reporting. Nevertheless, due to the limited resources and considering the size of the Group, the Board has assessed and of the opinion that it is deemed not cost effective that Integrated Reporting is required at this juncture	
		The current Annual Report of Dufu provides stakeholders with a fairly comprehensive overview on the Company’s financial and non-financial information, demonstrating how the Company’s strategy, actions, performance, governance and prospects lead to stakeholder value creation.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	NIL	
<b>Timeframe</b>	:	Others	No applicable

**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>	:	Dufu dispatches its notice of AGM to shareholders at-least 28 days before the AGM. The adequate time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney. The notice of the AGM where applicable, include details of the resolutions proposed along with background information and reports or recommendations that are relevant. The notice for the previous AGM on 28 April 2023 was issued on 27 March 2023, i.e. 32 days before the AGM.
<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>The Board took note that the presence of all directors will provide opportunity for shareholders to effectively engage each director. Besides, having the chair of board subcommittees present facilitates these conversations and allows shareholders to raise questions and concerns directly to those responsible. All Directors as well as the Chairman of respective Board Committees have attended the 21st AGM of the Company held on April 28, 2023.</p> <p>Barring unforeseen circumstances, all Directors as well as the Chairman of respective Board Committees of the Company will present at the forthcoming 22<sup>nd</sup> AGM of the Company to enable the shareholders to raise questions and concerns directly to those responsible.</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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company allows a member to appoint a proxy who may not be a member of the Company. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia. The Board has not set the limit on the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for Omnibus account to allow greater participation of beneficial owners of shares at general meetings of the Company. The Constitution of the Company further accord proxies the same rights as members to speak at the general meeting. Essentially, a corporate representative, proxy or attorney is entitled to attend, speak and vote both on a show of hands and on a poll as if they were a member of the Company.</p> <p>Despite the recommendation of Practice 13.3 that the Company should leverage on technology to facilitate voting including voting in absentia and remote shareholders' participation at the General Meeting, the Board has assessed and of the opinion that it is not necessary to have meetings in remote locations as it is deemed not cost effective in view of the current numbers and spread of shareholders of the Company.</p> <p>The Board took note the advantages of electronic voting as promoted by the MCCG. However, the Company did not implement the electronic voting at its last AGM held in April 2023 due to administrative bottlenecks by the service provider. Nevertheless, the Board is planning to implement electronic voting in the coming AGM in May 2024.</p>

	NIL	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	NIL
Timeframe	:	Others
		Not applicable

### 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.

*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.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of general meetings supporting a meaningful engagement between the board, senior management and shareholders. At general meetings of the Company, shareholders are given the opportunity to communicate their views and are encouraged to ask the Directors and the Management questions regarding matters affecting the Company.</p> <p>The Company's external auditors, Crowe Malaysia PLT, will also be present at the AGM and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.</p> <p>During the meeting, the Board provides avenue for a question-and-answer session between shareholders and the Board. Furthermore, in the previous AGM, the Executive Chairman, the CEO and CFO provides sufficient time by engaging with the shareholders prior and after the AGM to share feedback and to answer questions raised by the 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 13.5**

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.

*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.*

Application	:	Not applicable – only physical general meetings were conducted in the financial year	
Explanation on application of the practice	:		
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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>	:	The Company has made available the Minutes of 21 <sup>st</sup> AGM on the Company's website no later than 30 business days after the general meeting
<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>	:	
	:	

**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.*

Click or tap here to enter text.