

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7233
COMPANY NAME : DUFU TECHNOLOGY CORP. BERHAD
FINANCIAL YEAR : December 31, 2024

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

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

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has full control and is responsible for the Group's strategic objectives. It ensures that the necessary resources are in place to meet these goals and reviews management performance. The Board establishes the Group's values and standards, ensuring that its obligations to shareholders and other stakeholders are clearly understood and met.</p> <p>The Group has adopted a top-down strategic planning process in which the Executive Directors periodically formulate the Group's strategy and communicate it throughout the organization for implementation. During this process, the Executive Directors will establish the Group's mission and objectives. They, along with the Chief Executive Officer, will conduct a situation analysis that includes the allocation of time, human resources, and budget in collaboration with Senior Management before developing the strategy to achieve the Group's objectives.</p> <p>During the implementation of the strategic plans, relevant policies will be established and communicated to the respective teams, along with any necessary organizational changes. Throughout this stage, Senior Management will continuously monitor the effectiveness of the plans set by the Executive Directors and/or the Chief Executive Officer.</p> <p>Following the guidelines outlined in the MCCG, the Board acknowledges its crucial role in shaping the strategic direction of the Group and has assumed the following core responsibilities to discharge its fiduciary and leadership functions:</p> <ul style="list-style-type: none">• Set the vision and mission for the Company;• Establish a strong corporate governance framework and culture for the Group; |

- Ensure adherence to high ethical standards and corporate behavior, including transparency in business conduct. Directors must comply with the Company's Code of Conduct and Ethics, which requires declaring any personal, professional, or business interests that may conflict with their responsibilities as Board members and abstaining from voting on related transactions;
- Review and adopt a strategic plan for the Group, focusing on long-term value creation, including economic, environmental, and social sustainability strategies;
- Oversee the conduct of the Group's business and evaluate its management effectiveness;
- Set management goals and monitor performance through relevant Key Performance Indicators (KPIs), considering sustainability factors;
- Establish written procedures, such as the Company's Constitution and Terms of Reference for Board Committees, to determine which issues require full Board decisions and which can be delegated to Committees or Management;
- Form various Board Committees to effectively address specific issues and act on their recommendations;
- Identify principal risks and implement appropriate systems to manage them;
- Define the risk appetite for Management and ensure a robust risk management framework to identify, analyze, evaluate, manage, and monitor significant financial and non-financial risks, including sustainability-related issues;
- Establish succession planning, including appointing, training, compensating, and, if necessary, replacing Senior Management;
- Review the adequacy and integrity of the Group's internal control and management information systems, ensuring compliance with applicable laws and regulations;
- Ensure that the financial statements of the Group and the Company are accurate and comply with relevant regulations and accounting policies; and
- Develop and implement an appropriate investor relations and communications policy for the Company.

Subject to the applicable laws and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main LR"), the Board retains full decision-making authority over the following matters:

- Corporate strategies and plans;
- Conflict of interest issues involving substantial shareholders or Directors;
- Material acquisitions and disposals of assets outside the ordinary course of business;
- Material investments in capital projects;
- Risk management and internal control policies; and
- Key human resource issues.

| | |
|---|---|
| | <p>The Board has delegated certain duties and responsibilities to various committees. Currently, six committees have been established: 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”). These committees assist the Board in overseeing the Company’s affairs and are entrusted with specific responsibilities, as outlined in their respective Terms of Reference.</p> <p>These committees are authorized to examine specific issues and report their recommendations to the Board. Ultimately, the responsibility for all decisions rests with the Board as a whole. The Board receives regular updates on the proceedings and deliberations of each committee. For matters reserved for the Board, where committees lack decision-making authority, recommendations are highlighted in their reports for the Board’s consideration and endorsement.</p> <p>The duties and responsibilities of all Board Committees, except for the IVC, are detailed in the relevant sections of the Statement on Corporate Governance. The IVC was established to review, deliberate, and approve the acquisition or disposal of investments or assets for the Group, subject to the terms outlined in the Group’s Standard Operating Procedures. This includes:</p> <ol style="list-style-type: none"> a. Non-Operating Transactions: Management must provide at least two quotations for the IVC to review and approve. b. Operating Transactions: Transactions exceeding RM2 million also require at least two quotations for IVC review and approval. c. High-Value Transactions: Any transactions exceeding RM5 million or 5% of the Group’s Net Tangible Assets (NTA), based on the latest quarterly results announced to Bursa Malaysia, must be reviewed by the IVC. The Chairman of the IVC will then propose approval or rejection of these transactions to the Board. d. Necessary Steps: The IVC will determine the necessary steps (e.g., open tender procedures, appointing approved professionals) to take before deliberating and proposing recommendations to the Board. Upon deciding the steps, the IVC will instruct Management, particularly the Finance Department, to take the necessary actions. <p>The Board meets at least once every quarter to discharge its responsibilities, with additional meetings convened as needed.</p> |
| <p>Explanation for departure :</p> | |
| | |

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

| | | |
|--------------------|--|--|
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 1.2

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The key responsibilities of the Chairman of the Board are clearly outlined in Paragraph 3.4 of the Board Charter, which can be found on Dufu's website at https://www.dufutechnology.com/investor-relations/.</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>In his executive role, Dato' Lee has taken the lead on joint ventures and external funding relationships, working with investors and lenders while providing strategic guidance for the Group. He fosters an open environment for discussion and encourages effective contributions from Non-Executive Directors. Dato' Lee also oversees the quality, quantity, and timeliness of information flow between the Board and Management. During the Annual General Meeting, he plays a key role in facilitating constructive dialogue among shareholders, the Board, and Management.</p> <p>As Chairman, he ensures that Dufu complies with all relevant laws and regulations and monitors adherence to good corporate governance and best practices.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 1.3

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company maintains a clear division of responsibilities between the Chairman and the CEO. Their roles are distinctly defined to ensure a balance of power and authority, enhance accountability, and allow for greater independent decision-making by the Board.</p> <p>Dato' Lee Hui-Ta, the Executive Chairman, is responsible for leading the Board's effectiveness and conduct, promoting an open environment for discussion, and ensuring active contributions from Non-Executive Directors. He also oversees the quality, quantity, and timeliness of information flow between the Board and Management. During the Annual General Meeting, the Chairman fosters constructive dialogue among shareholders, the Board, and Management.</p> <p>Mr. Teoh Chiew Hong serves as the Group CEO, leading the Company in its strategic, operational, and organizational processes. He is responsible for the day-to-day operations and, along with the management team, implements the Group's policies and decisions adopted by the Board, while also overseeing operations and developing, coordinating, and executing business and corporate strategies.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 1.4

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

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

Intended Outcome

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

Practice 1.5

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

| | |
|---|---|
| Application | : Applied |
| Explanation on application of the practice | <p>Both Company Secretaries hold legal credentials and are qualified to serve as Company Secretary under Section 235(2) of the Companies Act 2016.</p> <p>Their roles and responsibilities include, but are not limited to, the following:</p> <ul style="list-style-type: none">• Managing logistics for all Board and Committee meetings, attending to record minutes, and facilitating Board communications;• Advising the Board on its roles and responsibilities;• Facilitating the orientation of new directors and assisting in their training and development;• Advising the Board on corporate disclosures and compliance with company and securities regulations, as well as listing requirements;• Ensuring that relevant procedures are followed and that Board members comply with rules and regulations;• Monitoring corporate governance developments and assisting the Board in applying governance practices that meet its needs and stakeholders' expectations;• Updating the Board on changes in laws, governance, and regulatory requirements as needed;• Providing the Board with information regarding the Company's business affairs to help them discharge their responsibilities effectively; and• Managing processes related to the Company's Annual General Meeting. <p>The Board is satisfied with the service and support provided by the Company Secretaries in discharging their roles. They have demonstrated adequate knowledge and experience to perform their functions effectively. Additionally, the Company Secretaries engage in continuous professional development by attending various seminars and training sessions during the financial year ended 31 December 2024 ("FY2024") to stay updated on the latest developments in governance, listing requirements, and legislative amendments.</p> |

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

Intended Outcome

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

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

| | |
|---|--|
| Application | : Applied |
| Explanation on application of the practice | <p>To facilitate Directors' time management, an annual meeting calendar is prepared and circulated to all Directors before the start of each year. The proposed timetable for Board meetings in 2025 was distributed on 30 October 2024.</p> <p>Management is responsible for providing the Board with the necessary information in a timely and appropriate manner. The Chairman, with assistance from the Company Secretaries, assesses the type of information required for the Board. If the information provided is insufficient, the Board may make further inquiries, which Management is expected to address promptly until the Board is fully satisfied with the feedback received.</p> <p>Generally, the Notice of Meeting for Board and Committee meetings is circulated seven (7) days prior to the meetings.</p> <p>All meeting papers are shared with Directors electronically to ensure timely access to information, particularly for overseas Board members. This approach has proven effective in enhancing the performance and overall decision-making of the Board.</p> <p>The periodic agenda for Board meetings includes, among other items:</p> <ul style="list-style-type: none">• Confirmation of minutes from the previous meeting;• Discussion and approval of the Quarterly Interim Financial Report;• Acknowledgment of Directors' and Principal Officers' dealings in the Company's securities;• Confirmation and ratification of Directors' Circular Resolutions;• Noting announcements made through Bursa Link during the review period;• Internal Audit Report; and• Reporting from the Risk Management & Sustainability Committee. <p>To promote productive discussions during meetings, Directors may</p> |

| | | |
|---|--|--|
| | <p>seek advice from Management on issues within their respective purviews. They may also interact directly with Management or request further explanations, information, or updates on any aspect of the Company's operations or business concerns. Additionally, independent professional advice may be obtained at the Company's expense on specific issues to enable the Board to discharge its duties effectively. Individual Directors may also seek independent professional or other advice in relation to their responsibilities, subject to the approval of the Chairman or the Board, depending on the fee involved.</p> | |
| <p>Explanation for departure</p> | : | |
| | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure</p> | : | |
| <p>Timeframe</p> | : | |

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board Charter serves as a key reference and primary induction material, providing all Board members and Management with insights into the fiduciary and leadership functions of the Board.</p> <p>The Charter clearly outlines:</p> <ul style="list-style-type: none">• The respective roles and responsibilities of the Board, Board Committees, individual directors, and Management;• Issues and decisions reserved for the Board;• Board composition and balance; and• Processes and procedures for conducting meetings. <p>The authorities and functions of the Board Committees are detailed in their respective Terms of Reference, available on the Company's website, https://www.dufutechnology.com/investor-relations/.</p> <p>The Board regularly reviews the Board Charter to ensure it remains up to date with changes in regulations and best practices, maintaining its effectiveness and relevance to the Board's strategic intent and corporate governance standards.</p> <p>A copy of the Board Charter, last reviewed by the Board on 26 February 2025, is available on the Company's website, https://www.dufutechnology.com/investor-relations/.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |

| | | | |
|------------------|---|--|--|
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Code of Conduct and Ethics ("CCE") of Dufu outlines the standards of responsibility and obligations, promoting fair dealing, integrity, and ethical conduct among Dufu's Directors and employees. Subject to periodic review, the CCE is part of the Board's responsibility to set the tone and establish acceptable practices, guiding the behaviors expected from Directors, Management, and employees in alignment with Dufu's company-wide management practices.</p> <p>The Group adopts a "zero-tolerance" approach to all forms of bribery and corruption, committed to upholding applicable anti-bribery and anti-corruption laws. Guided by the Guidelines on Adequate Procedures under section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009, the Board has implemented relevant policies and procedures to manage bribery and corruption risks, including an Anti-Bribery and Anti-Corruption Policy and a Charitable and Sponsorship Policy.</p> <p>Directors and employees ("Dufucians") are expected to comply with the highest standards in their daily business conduct and to adhere to the laws of the country.</p> <p>Dufucians are encouraged to uphold the following principles:</p> <ul style="list-style-type: none">a) Conduct all business with honesty, integrity, and high ethical standards;b) Fully comply with Dufu's standards for conducting business with integrity;c) Adhere to the country's laws, rules, and regulations;d) Promote ethical behavior among peers, subordinates, suppliers, and customers;e) Ensure responsible use and control of Dufu's resources; andf) Promptly report any violations of the above principles, breaches of law, fraud, or transactions that may create a conflict of interest. |

| | | |
|---|--|--|
| | <p>Reports of non-compliance with the CCE can be made to the Compliance Officer or the Audit Committee Chairman, depending on severity. The designated individuals are:</p> <p>a) Mr. David Khoo Chong Beng (Compliance Officer) Email: davidkhoo@dufu.com.my</p> <p>b) Ms. Ng Phaik Lee (Audit Committee Chairman) Email: carineng@dufu.com.my</p> <p>The CCE addresses issues related to managing conflicts of interest, preventing abuse of power, business gifts, insider trading, and money laundering.</p> <p>In alignment with the Companies Commission Malaysia’s (“CCM”) issuance of a new Code of Ethics for Company Directors and Company Secretaries on 11 September 2023, the revised CCE of Dufu was reviewed and updated on 26 February 2025, to comply with the 2023 Code of Ethics.</p> <p>A copy of the CCE is available on the Company’s website, https://www.dufutechnology.com/investor-relations/.</p> | |
| <p>Explanation for departure</p> | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure</p> | | |
| <p>Timeframe</p> | | |

Intended Outcome

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

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

Practice 3.2

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established, reviewed, and implemented policies and procedures regarding whistleblowing.</p> <p>The objective of the Whistle-Blowing Policy is to enable stakeholders of the Group to report genuine concerns or allegations to a senior or independent member of management regarding unethical behavior, actual or suspected fraud, or improper business conduct affecting the Group. This policy is designed to protect those who make allegations or report misconduct.</p> <p>The Group did not receive any whistleblowing reports in FY2024.</p> <p>The Whistle-Blowing Policy of Dufu Group outlines the procedures for making a report and is subject to periodic review by the Board.</p> <p>A copy of the Whistle-Blowing Policy, last reviewed on 26 February 2025, is available on the Company's website, https://www.dufutechnology.com/investor-relations/.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 4.1

The board together with management takes responsibility for the governance of sustainability 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.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board of Directors is responsible for overseeing the Group's business sustainability strategy and performance, ensuring that adequate resources, systems, and processes are in place to manage sustainability matters. Sustainability governance is a core component of the Group's overall risk management structure. The formation of the Risk Management and Sustainability Working Group ("RMSWG") allows the Group's CEO to oversee the implementation of key strategic sustainability initiatives, supported by Department Heads from various departments.</p> <p>The Risk Management and Sustainability Committee ("RMSC") consists of four Independent Directors, the CEO, and the CFO, with Independent Director Ms. Ng Phaik Lee serving as Chair, taking over from Ms Joyce Wong Ai May upon her retirement on 2 March 2025. The Board believes that this structure will enhance the Committee's effectiveness in addressing sustainability issues while developing and implementing company strategies, business plans, and risk management practices.</p> <p>The RMSC will review sustainability reports and any emerging issues on a biannual basis. Dufu has established its Sustainability Plan 2025, detailed in the Sustainability Statement of its Annual Report FY2024, and will continue to review and enhance key performance indicators (KPIs) related to sustainability to strengthen its governance practices over time.</p> |
| Explanation for departure | : | |

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

Intended Outcome

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

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>Dufu recognizes the importance of maintaining effective communication and understanding with all internal and external stakeholders. This is essential for Dufu's commitment to good corporate governance and becoming a reputable sustainable business entity. The Company's Sustainability Statement, included in its Annual Report, is prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") 2021, the Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations, the FTSE4Good Bursa Malaysia Index, and aligns with the United Nations Sustainable Development Goals ("UNSDGs").</p> <p>In communicating sustainability matters to its stakeholders, the Company employs the following methods for its Environmental, Social, and Governance ("ESG") engagement:</p> <ul style="list-style-type: none">• Publishing sustainability strategies on its corporate website;• Annual sustainability reporting, summarized in its Sustainability Statement 2024;• Conducting stakeholder engagement to identify key stakeholders and prioritizing them through a materiality assessment exercise;• Ongoing corporate responsibility ("CSR") initiatives and projects;• Implementing programs to raise employee awareness of the Company's ESG commitments;• Issuing public statements, engaging with the media, and marketing efforts; and• Providing historical performance data to enhance understanding of the Company's sustainability journey. <p>A comprehensive set of targets for its sustainability initiatives and strategies has been established through its Sustainability Plan 2025, as reported in the Sustainability Statement of its Annual Report FY2024.</p> |
| 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

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.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company Secretaries and Management regularly update the Board on changes to the Main Listing Requirements (Main LR) upon receiving circulars from Bursa Securities that are relevant to the Company. They also provide advice on corporate disclosures and compliance, including an understanding of sustainability issues.</p> <p>The Board, through the Nominating Committee (NC), will assess and ensure that all directors receive appropriate continuous training, particularly on sustainability issues relevant to the Company and its business, including climate-related risks and opportunities. Furthermore, sustainability aspects will be included in the Board's annual appraisal.</p> <p>When necessary, the Company will enhance the skills of the Board and senior management on sustainability issues, including climate-related topics, through internal workshops and training or external collaborations with expert organizations. Additionally, Management is actively participating in ESG-related forums and conferences.</p> <p>Dufu has initiated the disclosure of its climate-related initiatives using the TCFD framework, effective FY2023. Various potential risks related to physical and transition risks, as well as opportunities, have been identified. The Risk Management and Sustainability Committee (RMSC) oversees these aspects to ensure they are closely monitored, measured, and appropriately mitigated.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 4.4

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company has implemented an annual Management Achievements program as part of its performance appraisal for employees in assistant manager roles and above. The assessment criteria for Management Achievements include managing business sustainability risks and opportunities, as well as contributions to value creation. Business sustainability accounts for 30% to 70% of the score, depending on its significance to each individual department.</p> <p>During the Board evaluation on 26 February 2025 , the performance of the Board was assessed in terms of its effectiveness in addressing the Company’s material sustainability risks and opportunities. Additionally, the evaluation considered the Board's commitment to staying informed about ongoing developments and understanding the sustainability issues relevant to the Company and its business.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 4.5- Step Up

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

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

| | | |
|--|---|--|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | <p>The Company's Group CEO, Mr. Teoh Chiew Hong, has been designated as the key individual within management to strategically manage sustainability, including integrating sustainability considerations into the Group's operations.</p> <p>To oversee the planning and execution of sustainability strategies, the Risk Management and Sustainability Working Group (RMSWG) has been established, led by the Group CEO. The RMSWG is responsible for identifying, evaluating, monitoring, and managing risks and opportunities related to economic, environmental, and social aspects, ensuring that sustainability matters are effectively implemented throughout the Group's operations.</p> |

Intended Outcome

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

Practice 5.1

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

| Application | : | Applied | | | | | | | | | | |
|---|----------------------|--|-----------------------|--------|-----------------|----------|-------------------|----------------------|---|---------------------|--------------|----------|
| Explanation on application of the practice | : | <p>The Nomination Committee ("NC") assists the Board in ensuring a diverse mix of skills, knowledge, experience, qualities, gender, nationality, age, and other attributes that contribute to the Board's effective functioning, with reviews conducted annually.</p> <p>The Directors' Fit and Proper Policy ("Policy") provides guidance to the NC and the Board in reviewing and assessing candidates for appointment to the Board, as well as directors seeking re-election. The Policy ensures that all directors possess the necessary qualities, competencies, and experience to perform their duties and discharge their responsibilities effectively.</p> <p>On 26 February 2025, the NC conducted its annual assessment of the effectiveness of the Board, and the respective Board Committees to evaluate the effectiveness of the Board as a whole, the Board Committees, and individual Directors ("Board Evaluation"). This evaluation also includes an assessment of the independence of the Independent Directors. As of 31 December 2024, the tenure of the Independent Directors is as follows:</p> <table border="1"><thead><tr><th>Independent Directors</th><th>Tenure</th></tr></thead><tbody><tr><td>Tsai, Kun-Chang</td><td>6 months</td></tr><tr><td>Joyce Wong Ai May</td><td>8 years and 9 months</td></tr><tr><td>Yin Chih-Chu also known as Laurence Yin</td><td>8 years and 1 month</td></tr><tr><td>Ng Phaik Lee</td><td>3 months</td></tr></tbody></table> <p>The Committee is satisfied with the performance assessment, noting that members demonstrated good attendance, actively participated, and contributed positively during discussions at Board meetings. They also exhibited the necessary competency and capability, as well as a clear understanding of their roles and responsibilities.</p> | Independent Directors | Tenure | Tsai, Kun-Chang | 6 months | Joyce Wong Ai May | 8 years and 9 months | Yin Chih-Chu also known as Laurence Yin | 8 years and 1 month | Ng Phaik Lee | 3 months |
| Independent Directors | Tenure | | | | | | | | | | | |
| Tsai, Kun-Chang | 6 months | | | | | | | | | | | |
| Joyce Wong Ai May | 8 years and 9 months | | | | | | | | | | | |
| Yin Chih-Chu also known as Laurence Yin | 8 years and 1 month | | | | | | | | | | | |
| Ng Phaik Lee | 3 months | | | | | | | | | | | |
| Explanation for departure | : | | | | | | | | | | | |

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

Intended Outcome

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

Practice 5.2

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

| | |
|---|--|
| Application | : Applied |
| Explanation on application of the practice | <p>The Board of Dufu comprises six Directors: four Independent Non-Executive Directors (INEDs) and two Executive Directors, including the Executive Chairman. The four INEDs meet the independence criteria under the Main Listing Requirements, constituting 66% of the Board.</p> <p>Upon their appointment, the INEDs submitted letters confirming their status as Independent Directors as defined in Paragraph 1.01 of the Main LR. Additionally, the assessment of their independence is conducted annually through declaration forms, allowing each INED to confirm their independence. The Nominating Committee (NC) reviews the profiles of the INEDs, examining family relationships, shareholdings in the Company, and any significant transactions with the Group.</p> <p>Recognizing that independent and objective judgment can be affected by familiarity or close relationships with other Board members, the Board emphasizes the importance of assessing INEDs beyond their backgrounds and relationships. Criteria for independence include the ability to provide independent commentary, judgment, and constructive contributions as expected from effective Board members. The NC reviews relationships between the INEDs and substantial shareholders, Executive Directors, and related parties, as well as their tenure.</p> <p>Based on the INEDs' annual confirmations of independence and self/peer evaluations for the FY2024, the Board is satisfied that the Independent Directors continue to exercise independent and objective judgment, acting in the best interest of the Company and its stakeholders.</p> |
| Explanation for departure | : |
| | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | |

| | | | |
|------------------|---|--|--|
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.3

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

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

| | | | |
|--|---|--------------------------------------|--|
| Application | : | Not applicable - Step Up 5.4 adopted | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.4 - Step Up

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

| | |
|--|---|
| <i>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.</i> | |
| Application | : Adopted |
| Explanation on adoption of the practice | : On 25 February 2022, the Board of the Company adopted a formal policy that limits the tenure of an Independent Director to nine years, without any possibility of extension. The Policy on the Independence of Directors is available on the Company's website at https://www.dufutechnology.com/investor-relations/ . |

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 recognizes the significance of diversity for its effective functioning and has adopted a Board Diversity Policy, available on the Company's website at https://www.dufutechnology.com/investor-relations/.</p> <p>In determining the optimal Board composition, the Board will consider differences in thought, perspective, knowledge, skills, regional and industry experience, cultural and geographical backgrounds, age, ethnicity, race, and gender.</p> <p>A Board Skills Matrix serves as a reference for the ongoing development and succession planning of Directors. Collectively, the current Board possesses a diverse range of skills, experience, and expertise that are essential for effectively governing the Group, including the following areas:</p> <table border="1"><thead><tr><th>No.</th><th>Industry and Background Experience ^</th><th>Percentage</th></tr></thead><tbody><tr><td>1.</td><td>Technology</td><td>83%</td></tr><tr><td>2.</td><td>Marketing</td><td>100%</td></tr><tr><td>3.</td><td>Industrial</td><td>83%</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>Law / legal</td><td>16%</td></tr></tbody></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 border="1"><thead><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></thead><tbody><tr><td>Number</td><td>-</td><td>2</td><td>-</td><td>4</td><td>2</td><td>4</td></tr></tbody></table> | No. | Industry and Background Experience ^ | Percentage | 1. | Technology | 83% | 2. | Marketing | 100% | 3. | Industrial | 83% | 4. | Corporate | 100% | 5. | Accounting / Finance | 83% | 6. | 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 | 83% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | Marketing | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. | Industrial | 83% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. | Corporate | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. | Accounting / Finance | 83% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. | Law / legal | 16% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Race / Ethnicity | | | | Nationality | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Malay | Chinese | Indian | Others | Malaysian | Foreigner | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Number | - | 2 | - | 4 | 2 | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | | | | | |
|-----------------|--|--|--|--|--|--|
| of Directors | | | | | | |
|-----------------|--|--|--|--|--|--|

| | Age Group | | Gender | |
|---------------------|-----------|-------|--------|--------|
| | (years) | | | |
| | 50-59 | 60-69 | Male | Female |
| Number of Directors | 2 | 4 | 4 | 2 |

The Board is pleased with the level of time commitment demonstrated by the Directors in fulfilling their roles and responsibilities. The attendance record for FY2024 was satisfactory, with the following number of Board meetings attended by each Director:

| Director | No. of meetings attended |
|---|---------------------------------|
| Dato' Lee, Hui-Ta also known as Li Hui Ta | 4/4 |
| Wu, Mao-Yuan | 4/4 |
| Ng Phaik Lee ⁽¹⁾ | 1/1 |
| Tsai, Kun-Chang ⁽²⁾ | 2/2 |
| Khaw Mui Suan ⁽³⁾ | N/A |
| Joyce Wong Ai May ⁽⁴⁾ | 4/4 |
| Yin, Chih-Chu also known as Laurence Yin | 4/4 |
| Sung, Cheng Hsi ⁽⁵⁾ | 3/3 |
| Lee Yoke Khay ⁽⁶⁾ | 1/1 |

Note:

- (1) Appointed as a Director of the Company with effect from 8 October 2024.
- (2) Appointed as a Director of the Company with effect from 30 July 2024.
- (3) Appointed as a Director of the Company with effect from 17 February 2025.
- (4) Retired as a Director of the Company with effect from 2 March 2025.
- (5) Retired as a Director of the Company with effect from 8 October 2024.
- (6) Demised on 22 April 2024.

Directors are required to declare their directorships. When a Director holds multiple positions, the Nominating Committee (NC) evaluates whether the Director can adequately fulfill their duties to the Company, considering the number of directorships and other commitments. Despite some Directors having multiple roles, the NC is confident that they can still dedicate sufficient time and attention to their responsibilities.

In line with Paragraph 15.06 of the Main LR, which states that a Director of a listed issuer cannot hold more than five directorships in other listed issuers, the Board has not established a maximum number of directorships a Director may hold. Each Director is expected to manage and assess their own capacity to meet obligations while serving on the Board. The Board believes that setting a limit on directorships would not

| | | |
|--|---|--|
| | be meaningful, as the contributions of Directors depend on various factors and their unique capabilities. | |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.6

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

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

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Nominating Committee (NC) is responsible for identifying candidates and reviewing all nominations for Director appointments. The criteria for these appointments align with the Group's strategic and business goals. In recommending new Directors, the NC primarily relies on the contacts and networks of the entire Board but may also engage external recruitment firms if needed.</p> <p>The Board, with the assistance of the NC, evaluates candidates based on their backgrounds, skill sets, career experiences, and professional qualifications to ensure they can contribute to the Group's growth. Special emphasis is placed on a candidate's past achievements to assess their potential to enhance the Board's decision-making process. The Directors' Fit and Proper Policy ensures that candidates possess the necessary skills, experience, and commitment.</p> <p>The NC meets with shortlisted candidates to assess their suitability and ensure they understand the expectations and commitment required. The most suitable candidate is then recommended to the Board for approval and appointment. Once accepted, the Board finalizes the appointment and makes the necessary announcement to Bursa Securities.</p> <p>In FY2024, the NC initiated the search for a replacement Independent Director before the end of the anticipated nine-year term. The NC has conducted two interview sessions during the year evaluating the suitability and eligibility of candidates nominated to fill Board vacancies for Board approval. They reviewed the appointments of Mr. Tsai, Kun-Chang, Ms Ng Phaik Lee and Ms Khaw Mui Suan to address the skillset gaps identified by the NC. Their appointments were finalized on 30 July 2024, 8 October 2024 and 17 February 2025, respectively, after the Board considered the importance of board diversity and the specific skillset needs.</p> |

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

Intended Outcome

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

Practice 5.7

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.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>Information about the Board of Directors, including their profiles, positions, and relationships, is provided in the Board of Directors' Profile section of the Annual Report, while their interests are detailed in the Analysis of Shareholdings.</p> <p>All Directors, including the Executive Director, submit themselves for re-election at regular intervals. According to Paragraph 102 of the Company's Constitution, each Director must retire at least once every three (3) years, and a retiring Director is eligible for re-election. Additionally, one-third of the Board must retire by rotation and is subject to re-election at the Company's AGM.</p> <p>On 27 February 2024, the Board, through the Nominating Committee (NC), conducted an annual assessment of the Directors seeking re-election at the 22nd AGM. The Board and NC were satisfied with the performance of the retiring Directors, guided by the Company's Directors' Fit and Proper Policy, which considers meeting attendance, active participation, and competency.</p> <p>A statement by the Board and NC pertaining to their satisfaction with the performance and effectiveness of the retiring Directors who are offering themselves for re-election at the AGM has been set out in the explanatory notes accompanying the Notice of AGM.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |

| | | | |
|------------------|---|--|--|
| Timeframe | : | | |
|------------------|---|--|--|

Intended Outcome

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

Practice 5.8

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 was previously chaired by Mr. Lee Yoke Khay until his passing on 22 April 2024. The position remained vacant until the appointment of Ms. Khaw Mui Suan, an Independent Non-Executive Director, who assumed the role effective 17 February 2025. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company does not engage in any form of bias based on gender, ethnicity, or age; all candidates for the Board or Senior Management positions are treated fairly and equally. The Board believes that not adopting a formal diversity policy does not hinder the Company's commitment to providing equal opportunities and fostering diversity within the Group.</p> <p>When identifying suitable candidates for Board appointments, the Nominating Committee (NC) evaluates candidates based on merit against objective criteria, while also recognizing the benefits of diversity on the Board.</p> <p>As of the reporting date, two out of six Directors, or 33% of the Board are female, exceeding the requirement of Practice 5.9 of the Malaysian Code on Corporate Governance (MCCG), which calls for at least 30% women Directors on the Board.</p> |
| | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 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 a Board and Senior Management Diversity Policy, which is available on the Company's website at https://www.dufutechnology.com/investor-relations/ . | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 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> | |
| Application | : Departure |
| Explanation on application of the practice | : |
| Explanation for departure | : The Board, upon the recommendation of the Nominating Committee (NC), recognizes the importance of regularly reviewing and evaluating the effectiveness of the Board as a whole, each Board Committee, and individual Directors. To this end, the Board has established an annual assessment exercise to evaluate the effectiveness of the Board, its Committees, and the contributions of individual Directors. The performance criteria for evaluating the Board and Committees encompass various aspects, including board structure, strategy and performance, risk management and internal control, information flow, procedural standards, conduct, compensation, and communication with shareholders. The primary objective of this evaluation exercise is to create a platform for constructive feedback on board procedures and processes, as well as to identify changes that can enhance overall effectiveness. Individual Directors' performance is evaluated annually and continuously on an informal basis by the NC and the Chairman of the Board. Key factors considered include contributions to strategic development, attendance at board meetings (as well as informal contributions via email and telephone), interactive skills, preparedness, and relevant industry knowledge and experience, all of which are crucial to the Group's success. This evaluation process aids the NC in determining whether to re-nominate Directors due for |

| | | |
|---|---|-----------------------|
| | <p>retirement at the upcoming annual general meeting and in assessing whether Directors with multiple directorships are adequately fulfilling their responsibilities.</p> <p>During FY2024, the evaluation of the Board and its Committees was conducted through questionnaires completed by all Board members and Committee members. Each Director also filled out an individual assessment checklist to evaluate their performance and contribution to the Board's effectiveness.</p> <p>To maintain confidentiality, completed evaluation forms were submitted to the Company Secretary for collation. The consolidated responses were then presented to the NC for review before being submitted to the Board for discussion, focusing on areas for improvement.</p> <p>Following the FY2024 review, the Board concluded that both the Board and its Committees operate effectively, with each Director contributing positively to the Board's overall performance.</p> <p>No external facilitator was utilized in the evaluation process.</p> <p>Given the current size of the Group and the composition of the Board, the Company will continue to conduct annual evaluations and assessments of individual Directors and Board/Committee effectiveness by the NC to meet the Company's current needs and requirements.</p> | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure</p> | <p>: The Board is of 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>Timeframe</p> | <p>: Others</p> | <p>Not Applicable</p> |

Intended Outcome

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

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

Practice 7.1

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

| | |
|---|---|
| Application | : Applied |
| Explanation on application of the practice | <p>The Board has established policies and procedures to determine the remuneration of Directors and Senior Management, considering the Company's demands, complexities, performance, and the necessary skills and experience. The Group's remuneration policies are developed through a transparent and independent process.</p> <p>These policies are periodically reviewed, with the Directors' Remuneration Policy and Senior Management's Remuneration Policy last reviewed on 25 February 2022. Both policies are available on the Company's website at https://www.dufutechnology.com/investor-relations/.</p> <p>The Remuneration Committee (RC) assists the Board in creating formal and transparent remuneration policies aimed at attracting and retaining Directors. The RC is also responsible for recommending appropriate salary packages for Executive Directors and Senior Management. Current packages include a basic salary, fixed fees for additional responsibilities, meeting allowances, and variable performance incentives tied to responsibilities, Group profitability, and contributions to long-term objectives.</p> <p>Non-Executive Directors receive a standard fixed fee, with the Chairman of the Audit Committee receiving a higher fee due to additional responsibilities. Meeting allowances are provided for attendance at Board and Committee meetings, as well as general meetings. The Company maintains a Directors and Officers Insurance Policy to cover the actions of its Directors and Officers.</p> <p>Directors' fees and benefits are subject to annual approval by shareholders at the Company's AGM, and the remuneration is</p> |

| | | |
|---|--|--|
| | <p>reviewed annually based on the Directors' Remuneration Policy.</p> <p>The competitiveness of total remuneration for Directors is assessed against companies in similar industries, considering location, governance practices, asset size, and market capitalization.</p> | |
| Explanation for departure | : | |
| | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 7.2

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

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

| | |
|---|--|
| Application | : Applied |
| Explanation on application of the practice | <p>Following the introduction of the MCCG, the Remuneration Committee (RC) is required to consist solely of Non-Executive Directors, with a majority being Independent Directors. The current composition of the RC meets this requirement, comprising four (4) Independent Non-Executive Directors.</p> <p>The Terms of Reference of the RC, which outline its authority and responsibilities, are disclosed and available on the Company's website at https://www.dufutechnology.com/investor-relations/. The Terms of Reference were last updated by the Board on 27 February 2024.</p> <p>The RC is responsible for recommending the remuneration policy to the Board, including the establishment of a formal and transparent methodology for determining the remuneration of both Executive and Non-Executive Directors. It reviews and revises the remuneration policy and methodology as needed. The RC evaluates the existing remuneration levels of Executive Directors and recommends adjustments to the Board based on both Company performance and individual contributions, ensuring that remuneration packages reflect the scope of responsibilities held. Additionally, the RC ensures that the remuneration for Non-Executive Directors is aligned with their responsibilities and contributions to the Board's effectiveness.</p> <p>The RC is tasked with developing a remuneration framework that remains competitive and consistent with the Company's business strategy and long-term objectives. The policy on Directors' remuneration aims to provide packages that attract, retain, and motivate Directors of the necessary caliber to manage the Group effectively, while aligning Directors' interests with those of shareholders.</p> |

| | <p>The RC meets at least once a year or more frequently as needed, as determined by the Chairman or any member of the RC. During FY2024, the RC convened once on 27 February 2024, to review the remuneration packages for the Executive Directors and the CEO of Dufu Group. Directors do not participate in decisions regarding their own remuneration and abstain from discussions or voting on this matter.</p> <p>The attendance by the respective Directors in FY2024 are as follows:</p> <table border="1" data-bbox="574 543 1265 953"> <thead> <tr> <th data-bbox="574 543 1068 646">Director</th> <th data-bbox="1068 543 1265 646">No. of meetings attended</th> </tr> </thead> <tbody> <tr> <td data-bbox="574 646 1068 680">Ng Phaik Lee ⁽¹⁾</td> <td data-bbox="1068 646 1265 680">N/A</td> </tr> <tr> <td data-bbox="574 680 1068 714">Tsai, Kun-Chang ⁽²⁾</td> <td data-bbox="1068 680 1265 714">N/A</td> </tr> <tr> <td data-bbox="574 714 1068 747">Khaw Mui Suan ⁽³⁾</td> <td data-bbox="1068 714 1265 747">N/A</td> </tr> <tr> <td data-bbox="574 747 1068 781">Joyce Wong Ai May ⁽⁴⁾</td> <td data-bbox="1068 747 1265 781">1/1</td> </tr> <tr> <td data-bbox="574 781 1068 848">Yin, Chih-Chu also known as Laurence Yin</td> <td data-bbox="1068 781 1265 848">1/1</td> </tr> <tr> <td data-bbox="574 848 1068 882">Sung, Cheng Hsi ⁽⁵⁾</td> <td data-bbox="1068 848 1265 882">1/1</td> </tr> <tr> <td data-bbox="574 882 1068 915">Lee Yoke Khay ⁽⁶⁾</td> <td data-bbox="1068 882 1265 915">1/1</td> </tr> <tr> <td data-bbox="574 915 1068 953"></td> <td data-bbox="1068 915 1265 953"></td> </tr> </tbody> </table> <p>Note:</p> <p>(1) Appointed as a Director of the Company with effect from 8 October 2024. (2) Appointed as a Director of the Company with effect from 30 July 2024. (3) Appointed as a Director of the Company with effect from 17 February 2025. (4) Retired as a Director of the Company with effect from 2 March 2025. (5) Retired as a Director of the Company with effect from 8 October 2024. (6) Demised on 22 April 2024.</p> | | Director | No. of meetings attended | Ng Phaik Lee ⁽¹⁾ | N/A | Tsai, Kun-Chang ⁽²⁾ | N/A | Khaw Mui Suan ⁽³⁾ | N/A | Joyce Wong Ai May ⁽⁴⁾ | 1/1 | Yin, Chih-Chu also known as Laurence Yin | 1/1 | Sung, Cheng Hsi ⁽⁵⁾ | 1/1 | Lee Yoke Khay ⁽⁶⁾ | 1/1 | | |
|---|---|--|-----------------|---------------------------------|-----------------------------|-----|--------------------------------|-----|------------------------------|-----|----------------------------------|-----|--|-----|--------------------------------|-----|------------------------------|-----|--|--|
| Director | No. of meetings attended | | | | | | | | | | | | | | | | | | | |
| Ng Phaik Lee ⁽¹⁾ | N/A | | | | | | | | | | | | | | | | | | | |
| Tsai, Kun-Chang ⁽²⁾ | N/A | | | | | | | | | | | | | | | | | | | |
| Khaw Mui Suan ⁽³⁾ | N/A | | | | | | | | | | | | | | | | | | | |
| Joyce Wong Ai May ⁽⁴⁾ | 1/1 | | | | | | | | | | | | | | | | | | | |
| Yin, Chih-Chu also known as Laurence Yin | 1/1 | | | | | | | | | | | | | | | | | | | |
| Sung, Cheng Hsi ⁽⁵⁾ | 1/1 | | | | | | | | | | | | | | | | | | | |
| Lee Yoke Khay ⁽⁶⁾ | 1/1 | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | |
| <p>Explanation for departure :</p> | | | | | | | | | | | | | | | | | | | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | | | | | | | | | | | | | | | | | | | |
| <p>Measure :</p> | | | | | | | | | | | | | | | | | | | | |
| <p>Timeframe :</p> | | | | | | | | | | | | | | | | | | | | |

Intended Outcome

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

Practice 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.

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | 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 | 8 | 0 | 0 | 0 | 0 | 50 | 42 | 8 | 791 | 108 | 15 | 0 | 964 |
| 2 | Wu, Mao-Yuan | Executive Director | 42 | 8 | 0 | 0 | 0 | 0 | 50 | 42 | 8 | 662 | 76 | 0 | 50 | 838 |
| 3 | Joyce Wong Ai May (Retired on 2 March 2025) | Independent Director | 66 | 12 | 0 | 0 | 0 | 0 | 78 | 66 | 12 | 0 | 0 | 0 | 0 | 78 |
| 4 | Sung, Cheng Hsi (Retired on 8 October 2024) | Independent Director | 32 | 6 | 0 | 0 | 0 | 0 | 38 | 32 | 6 | 0 | 0 | 0 | 0 | 38 |
| 5 | Yin, Chih-Chu also known as Laurence Yin | Independent Director | 42 | 8 | 0 | 0 | 0 | 0 | 50 | 42 | 19 | 0 | 0 | 0 | 0 | 61 |
| 6 | Lee Yoke Khay (Demised on 22 April 2024) | Independent Director | 13 | 2 | 0 | 0 | 0 | 0 | 15 | 13 | 2 | 0 | 0 | 0 | 0 | 15 |
| 7 | Tsai, Kun-Chang (Appointed on 30 July 2024) | Choose an item. | 15 | 3 | 0 | 0 | 0 | 0 | 18 | 15 | 3 | 0 | 0 | 0 | 0 | 18 |
| 8 | Ng Phaik Lee (Appointed on 8 October 2024) | Choose an item. | 8 | 2 | 0 | 0 | 0 | 0 | 10 | 8 | 2 | 0 | 0 | 0 | 0 | 10 |
| 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 | Input | Input | Input | Input | Input | Input | Input | Input | Input | Input | Input | Input | Input |

| | | | | | | | | | | | | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | info here | info here | info here | info here | info here | info here | info here | info here | info here | info here | info here | info here | info here | 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.

| | | |
|--|---|---|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>For the Financial Year 2024, the total remuneration paid to the Group's top five senior management members (excluding Executive Directors) amounted to RM2,892,816.</p> <p>The Company believes it may not be in its best interest to disclose the remuneration details of individual members of Senior Management. This decision considers the highly competitive environment for talent with the necessary knowledge, expertise, and experience in the Group's business activities, as such disclosures could lead to challenges in recruitment and retention.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | The remuneration for Senior Management, which includes a combination of annual salary, bonuses, and benefits-in-kind, is determined similarly to that of other management employees in the Group. This approach has been consistently applied and is based on individual performance, the overall performance of the Group, and benchmarking against other companies of similar size within the same industry. |
| Timeframe | : | Choose an item. |

| 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.

| | | |
|--|---|-------------|
| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | |

| 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.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | Ms. Joyce Wong Ai May served as the Chairman of the Audit Committee during FY2024. Following her retirement on 2 March 2025, Ms. Ng Phaik Lee assumed the role. Both Ms. Joyce Wong and Ms. Ng are not the Chairman of the Board. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>In the current Board composition, there are no former key audit partners serving as members of the Audit Committee (AC) of the Company.</p> <p>The Board recognizes that if a former key audit partner were to join the Company as a director, officer, or employee in a position to significantly influence the financial statements of Dufu, the self-interest, familiarity, and intimidation threats could be substantial. These threats would be so significant that no safeguards could adequately mitigate them.</p> <p>Consequently, the Board has adopted a policy requiring a former key audit partner to observe a cooling-off period of at least three financial years before being appointed as a member of the AC.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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.

| | |
|---|--|
| Application | : Applied |
| Explanation on application of the practice | <p>The Board has adopted a Policy for the Assessment of the Suitability and Independence of External Auditors. As part of this process, the Audit Committee (AC) has established an Assessment Questionnaire covering several key areas: (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 their independence from the audited activities and reviews contracts for non-audit services. Feedback is collected from senior management based on the assessment criteria, and the AC also considers information from the external auditors' Annual Transparency Report. Based on the assessment results, the AC makes recommendations for the re-appointment of external auditors.</p> <p>For the Financial Year 2024, the AC evaluated Messrs. Crowe Malaysia PLT. Assessment forms were distributed to relevant participants for their feedback. After reviewing the results and the auditors' 2024 Annual Transparency Report at its meeting on 26 February 2025, the AC recommended the reappointment of Crowe Malaysia PLT for shareholder approval at the forthcoming 23rd AGM.</p> <p>To support its assessment of independence, the AC obtained confirmation from Messrs. Crowe Malaysia PLT that they have maintained their independence in line with their requirements and the Malaysian Institute of Accountants' By-Laws on Professional Independence, and they are unaware of any circumstances that may impair their independence.</p> |
| 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 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.

| | | |
|--|---|---|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | The current composition of the Audit Committee (AC) consists of four members, all of whom are Independent Non-Executive Directors. This composition meets the requirements outlined in paragraphs 15.09(1)(a) and (b) of the Main Listing Requirements. |

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.

| | |
|---|---|
| Application | : Applied |
| Explanation on application of the practice | <p>During FY2024, the AC was led by its then-Chairman, Ms. Joyce Wong Ai May, who presided over all AC meetings and provided leadership in discharging the Committee's oversight responsibilities.</p> <p>Subsequent to the financial year-end, changes were made to the composition of the AC following the changes to the Board composition during FY2024. The current composition of the Audit Committee (AC) consists of four (4) members, all of whom are Independent Non-Executive Directors. This structure meets the requirements outlined in paragraph 15.09(1)(a) and (b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Main LR").</p> <p>Ms. Ng Phaik Lee, the AC Chairman, graduated from Nottingham Trent University, United Kingdom with a Master of Business Administration. She is a chartered accountant and a member of the Malaysian Institute of Accountants as well as a Fellow of the Chartered Certified Accountant ("FCCA"). Her qualifications meet the requirement in paragraph 15.09(1)(c) of the Main LR, which stipulates that at least one AC member must be a qualified accountant.</p> <p>Mr. Tsai, Kun-Chang has extensive experience in the textile industry, having served as General Manager at various plants in multiple countries under Hakers Enterprise Co., Ltd. Mr. Yin, Chih-Chu, also known as Laurence Yin, brings substantial expertise in both financial and industrial sectors. Ms. Khaw Mui Suan has been a practicing lawyer and a member of the Malaysian Bar since 1996; she currently owns Messrs. Katherine Khaw & Associates, a legal firm based in Penang.</p> <p>All members of the AC are financially literate and are capable of</p> |

| | | |
|---|--|--|
| | <p>analyzing and interpreting financial statements to effectively discharge their duties and responsibilities.</p> <p>To stay updated on recent developments in accounting and auditing standards, the AC members engage in ongoing professional development by attending programs and seminars, as detailed in the Corporate Governance Overview Statement of the 2024 Annual Report.</p> <p>The composition of the AC, which meets the requirements of paragraphs 15.09(1)(a) and (b) of the Main Listing Requirements, along with its terms of reference, individual member attendance at meetings, and a summary of activities, are outlined in the AC Report of the 2024 Annual Report.</p> | |
| Explanation for departure : | | |
| | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is fully aware of its responsibility to safeguard and enhance shareholder value within the Group. It emphasizes the importance of maintaining a sound system of internal control. These internal control systems are designed to manage and mitigate, rather than eliminate, the risks associated with achieving the Company's corporate objectives and safeguarding its assets, as well as protecting investors' interests.</p> <p>The Board has implemented a risk management framework and an ongoing process to assess various types of risks that could impact the Group's profitable operations, including strategic, operational, and project risks. The Group's risk management objectives are as follows:</p> <ul style="list-style-type: none">(a) To assess the principal risks faced by the Group and implement appropriate internal control systems to mitigate those risks;(b) To review the adequacy and integrity of internal controls to ensure compliance with guidelines, laws, and regulations, adapting to changes in the business environment;(c) To evaluate business decisions against the philosophy that some risks are necessary if the potential rewards enhance shareholder value;(d) To ensure that significant risks to the Group are identified and treated expeditiously; and(e) To provide assurance regarding the Group's compliance with regulatory requirements and the effectiveness of its policies and procedures. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |

| | | | |
|------------------|---|--|--|
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 10.2

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

| | |
|---|--|
| Application | : Applied |
| Explanation on application of the practice | <p>During FY2024, the Risk Management and Sustainability Working Group (RMSWG), reporting directly to the Risk Management and Sustainability Committee (RMSC), was responsible for periodically reviewing, assessing, and updating the Risk Register. The Group's Enterprise Risk Management (ERM) system is an ongoing, systematic process that identifies, assesses, responds to, and monitors risks.</p> <p>The RMSWG identifies major business and compliance risks related to their respective business units and ensures the integration of risk management into business processes to safeguard the Group's interests. This covers seventeen (17) risk areas, including Purchasing, Sales and Marketing, Conversion and Production, Management Information Systems, Human Resource Management, Cash Management, Finance and Corporate, Inventory Management, Asset Management, Anti-Corruption and Bribery Management, Logistics, General Safety and Security, Intellectual Property, External Environment, Climate Change Management, Product and Process Development, and Quality Systems. The risks are identified and assessed using the following methodologies:</p> <ul style="list-style-type: none">• Identification of risks by process owners;• Assessment of the likelihood and impact of identified risks;• Evaluation of control strategies related to the risks;• Formulation of action plans to address control deficiencies; and• Establishment of Key Risk Indicators to monitor risks. <p>A formal database of risks and control information from the ongoing risk assessment exercise is maintained in the form of risk registers. Identified risks are assessed and rated as low, moderate, high, or significant based on the severity of their consequences, the likelihood of occurrence, and their potential financial impact on the Group's cash flow and profit.</p> <p>The Chief Financial Officer, along with the relevant risk profile owner,</p> |

| | | |
|---|--|--|
| | <p>presents the Group’s Risk Report and updates to the RMSC at least twice a year, detailing the status of the Group’s ERM process, changes in risk profiles, and existing controls. Subsequently, the RMSC reports to the Board on the activities conducted during the period and discusses necessary actions and strategies for implementation.</p> <p>The Board, through the Audit Committee (AC), reviewed the Group’s internal controls based on audit tests conducted by the outsourced Internal Auditors.</p> <p>The Statement on Risk Management and Internal Control is included in the Group’s annual report, offering an overview of the state of risk management and internal controls within the Group.</p> | |
| <p>Explanation for departure</p> | | |
| | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure</p> | | |
| <p>Timeframe</p> | | |

Intended Outcome

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.

| | | |
|--|---|---|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | On 25 February 2022, the Company established the Risk Management and Sustainability Committee, which consists of four (4) Independent Non-Executive Directors and two (2) members from management: 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.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company has outsourced its internal audit (IA) function to Eco Asia Advisory Sdn. Bhd. ("Eco Asia"), an independent professional firm. The IA plan was presented to the Audit Committee (AC) before the assignment commenced, and findings from the IA exercises were reported and discussed at AC meetings.</p> <p>IA assesses the adequacy and integrity of the Group's internal control system based on a plan reviewed and approved by the AC. Internal auditors provide management with recommendations for improvement and follow up to determine the implementation status of these recommendations.</p> <p>The IA engagements were conducted according to the approved IA Plan 2024 tabled on 27 February 2024, and the results were reviewed by the AC. Relevant management members were responsible for ensuring timely corrective actions for any reported weaknesses. Follow-up audits on key engagements confirmed that corrective actions were implemented effectively. The IA process has added value by enhancing governance, risk management, and control processes within the Group. Notably, during the year under review, the internal auditors reported no significant weaknesses in the internal control system.</p> <p>Further details of the internal audit activities are outlined in the Statement on Risk Management and Internal Control in the Annual Report for FY2024.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |

| | | | |
|------------------|---|--|--|
| Timeframe | : | | |
|------------------|---|--|--|

Intended Outcome

Companies 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.

| | |
|---|--|
| Application | : Applied |
| Explanation on application of the practice | <p>As mentioned in Paragraph 11.1, the Board has decided to outsource the internal audit function for the Company.</p> <p>The internal audit engagement is led by Mr. Woon Soon Fai, Executive Director at Eco Asia. He is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and a member of the Malaysian Institute of Accountants (MIA). Mr. Woon began his career at PricewaterhouseCoopers Malaysia in 2004 and served as Principal at UHY Advisory (KL) Sdn Bhd from 2010 to 2016, where he led various corporate advisory services, internal control reviews, and external audits. He has over fifteen (15) years of professional experience in public offerings advisory, corporate debt restructuring, financial due diligence, valuations, internal controls reviews, risk management, and corporate governance reviews for proposed listings, as well as external audit and reporting accountant services.</p> <p>The outsourced internal auditors adopt a risk-based approach to planning and conducting audits, consistent with the International Professional Practices Framework (IPPF), which provides guidance for internal audit services. None of the internal auditors has any family relationship with any directors or major shareholders of the Company, nor do they have any conflicts of interest with the Group that could impair their objectivity and independence during the audit.</p> <p>Given these measures in place to develop the scope of the internal audit function, the Audit Committee (AC) is satisfied that:</p> <ul style="list-style-type: none">• The personnel responsible for the internal audit possess relevant experience, sufficient standing, and authority to discharge their functions effectively;• The internal audit team has adequate resources and access to information necessary for performing its role effectively; and• The personnel or firm assigned to conduct the internal audit have the necessary competency, experience, and resources to |

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

Intended Outcome

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

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

Practice 12.1

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

| | |
|---|--|
| Application | : Applied |
| Explanation on application of the practice | <p>The Board is committed to ensuring effective, transparent, and regular communication with its stakeholders.</p> <p>Recognizing the importance of transparency and accountability to shareholders and investors, the Board aims to disseminate information about the Company's performance and significant developments in a timely manner, ensuring stakeholders are informed of all material business matters.</p> <p>Currently, the Board and management communicate regularly with shareholders and other stakeholders through the following channels:</p> <ol style="list-style-type: none">1. Bursa Securities Website The Company releases all material information publicly through Bursa Securities. Shareholders and the general public can access these announcements and financial information via the Bursa Securities website.2. Company Website Our website, https://www.dufutechnology.com/investor-relations/, features an Investor Relations section that provides relevant information about the Company, accessible to both shareholders and the general public. This section enhances our Investor Relations function by including all announcements made by the Company.3. Analyst Briefings and Correspondence Analyst briefings and correspondence with analysts, media, and fund managers are conducted periodically upon request. These meetings provide updates on the Company's strategy, financial performance, and operational developments. <p>In addition to the aforementioned channels, the Company actively engages with a variety of stakeholders, including employees, consumers, regulators, suppliers, media, and the broader community. For detailed information on the Company's stakeholder engagement efforts, please refer to the section on Stakeholder Engagement in the</p> |

| | | |
|--|---|--|
| | Sustainability Statement of the Company's 2024 Annual Report. | |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 12.2

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

| | | | |
|--|---|---|---------------|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | The Company recognizes that this process is an ongoing journey aimed at enhancing the quality of information disclosures to stakeholders while promoting greater transparency and accountability. The Company will consider adopting further measures when the necessary resources and expertise are available. | |
| | | The current Annual Report of Dufu offers stakeholders a comprehensive overview of the Company's financial and non-financial information. It effectively illustrates how the Company's strategy, actions, performance, governance, and future prospects contribute 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> | | | |
| Measure | : | NIL | |
| Timeframe | : | 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.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | Dufu sends its notice of the Annual General Meeting (AGM) to shareholders at least 28 days prior to the event. This sufficient notice allows shareholders to arrange for attendance, whether in person, by corporate representative, by proxy, or by attorney. The notice, where applicable, includes details of the proposed resolutions along with relevant background information and reports or recommendations. For the previous AGM on 8 May 2024, the notice was issued on 26 March 2024, providing 43 days' notice. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 13.2

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Board acknowledges that the presence of all directors allows shareholders to engage effectively with each one. Additionally, having the chairs of the board subcommittees present facilitates these discussions, enabling shareholders to raise questions and concerns directly with those responsible. All directors and the chairs of their respective committees attended the 22nd AGM of the Company on 8 May 2024.</p> <p>Unless unforeseen circumstances arise, all directors and the chairs of their respective committees will attend the upcoming 23rd AGM to allow shareholders to address their questions and concerns directly.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 13.3

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.

| | | |
|---|---|---|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The Company permits members to appoint a proxy who need not be a member themselves. If the proxy is not a member, they are not required to be an advocate, an approved company auditor, or a person authorized by the Companies Commission of Malaysia. The Board has not set a limit on the number of proxies that an exempt authorized nominee can appoint for shares held in an omnibus account, enabling greater participation from beneficial owners at general meetings. The Company's Constitution grants proxies the same rights as members to speak at these meetings, allowing corporate representatives, proxies, or attorneys to attend, speak, and vote on a show of hands and a poll as if they were members.</p> <p>Although Practice 13.3 recommends leveraging technology for voting, including remote participation, the Board has determined that holding meetings in remote locations is unnecessary and not cost-effective given the current number and distribution of shareholders. However, the Company utilized technology to facilitate electronic voting ("e-voting") for all resolutions proposed at its 22nd AGM.</p> <p>The 22nd AGM was held at Amira SPICE, Penang, a venue familiar and easily accessible to most shareholders. Securities Services (Holdings) Sdn. Bhd. ("SSH") was appointed as the polling administrator to conduct the e-polling process, and Commercial Quest Sdn. Bhd. as scrutineers to validate the votes cast at the AGM. E-voting offers instant and accurate results, expediting both the voting and tabulation processes.</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.

| | |
|--|--|
| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : <p>The Board recognizes the importance of general meetings as a platform for meaningful engagement between the Board, senior management, and shareholders. At these meetings, shareholders have the opportunity to express their views and are encouraged to ask Directors and management questions about matters affecting the Company.</p> <p>The Company's external auditors, Crowe Malaysia PLT, will also be present at the AGM to assist the Directors in addressing any relevant queries from shareholders regarding the audit process and the preparation and content of the auditors' report.</p> <p>During the meeting, the Board facilitates a question-and-answer session, allowing shareholders to interact directly with Board members. Additionally, at the previous AGM, the Executive Chairman, CEO, and CFO took the time to engage with shareholders before and after the meeting, providing an opportunity to share feedback and answer questions raised by shareholders.</p> <p>In addition, written queries raised by the Minority Shareholders Watch Group were presented to shareholders during the 22nd AGM together with the responses of the Company.</p> |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |

| | | | |
|------------------|---|--|--|
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 13.5

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

| | |
|--|--|
| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i> | |
| Application : | Not applicable – only physical general meetings were conducted in the financial year |
| Explanation on application of the practice : | |
| Explanation for departure : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |
| Timeframe : | |

Intended Outcome

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> | |
| Application : | Applied |
| Explanation on application of the practice : | The Company has made available the Minutes of 22 nd AGM on the Company's website no later than 30 business days after the general meeting |
| Explanation for departure : | |
| | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |
| Timeframe : | |

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

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

Click or tap here to enter text.

