
CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board upholds a high regard for good corporate governance in carrying its duty to oversee the management of the Company. This statement will provide an insight of the corporate governance practices of the Company under the leadership and guidance of the Board during the FYE 2020. The Audit Committee monitors the Company's compliance with the Malaysian Code on Corporate Governance (MCCG). Our corporate governance mostly comply with the MCCG. Any deviations from the MCCG are explained in our CG Report 2020.

This overview is made in compliance with Paragraph 15.25(1) of the LR with guidance drawn from Practice Note 9 of the LR and MCCG. It should be viewed with the CG Report 2020 that is available on Superlon's website.

This statement is prepared based on the three key Corporate Governance Principles as set out in the MCCG, which are:

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board sets the strategic direction of the Group, establishes mission and visions for the management and diligently monitors its performance so as to protect and enhance shareholders' value. The Board is responsible for the preparation of the Company's and Group's financial statements in accordance with the provisions of the Act and the applicable approved accounting standards in Malaysia, overall strategic planning, risk management, system of internal controls, succession planning, investor relations programme, sustainability as well as the corporate governance within the Group. The Board is committed to practising good corporate governance to steer the Superlon Group towards enhancing business value and long term value for its stakeholders as the underlying principle in discharging its responsibilities.

There is a clear and distinction of roles and responsibilities between the Chairman and the Managing Director. The Chairman is non-executive. The Chairman is primarily responsible for Board effectiveness and conduct whilst the Managing Director is responsible for the day-to-day business affairs overseeing the operating units, organisational effectiveness and implementation of Board policies and decisions. The Board delegates some of its authorities and discretion to the Board Committees, Managing Director cum CEO, Executive Directors and management.

An agenda with the relevant information to be deliberated is given to every Director at least five (5) business days prior to Board meetings. Minutes for every Board meeting are circulated to all Directors for their comment prior to confirmation and adoption at the following Board meeting. All Directors have direct access to the advice of the company secretaries, external auditors and internal auditors in the furtherance of their duties. All Independent Directors have access to the Managing Director cum CEO and Executive Directors should there be any clarification or explanations sought on any aspects of the Group's operations or management matters.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**1. Board Responsibilities (Cont'd)**

In view of the multi-dimensional role of a director, the Board recognises the importance of regular training and professional development for its Directors to serve effectively. During the financial year, the Board evaluated and assessed the training needs of each Director and the Directors attended various relevant training programmes, seminars, trades shows organised by the relevant regulatory bodies and professional bodies during the financial year to broaden their knowledge and to keep abreast with the relevant changes in law, regulations and the business environment, as follows:-

Name of Directors	Course title/Organiser
Chun Kwong Pong	Investment analysis on Property Industry Valuation in Practice on Transactions and Reporting – Valuation for Business Combinations Post Budget 2020: Outlook and Perspectives for the Economy & Capital Market Businesses
Liu Lee, Hsiu-Lin @ Jessica H. Liu	The Big 5 International Building & Construction Show 2019
Liu Han-Chao	The Big 5 International Building & Construction Show 2019
Ongi Cheng San	Transformative Leadership – the 5 th Discipline Accounting for Financial Instruments and Leases Transfer Pricing in Malaysia
Lim Wai Loong	Anti Money-Laundering Anti Bribery & Corruption
Chee Chung Yen	Directors' Mandatory Accreditation Programme 2020 National Budget Seminar Strategic Cash Flow and Working Capital Management
ALL DIRECTORS	MACC Act Corporate Liability - Defence for Directors, Executives & Company Cyber Security Training

Board meetings are scheduled quarterly with additional meetings to be convened as and when required. During the financial year under review, the Board met a total of five (5) times. The attendance of the Directors who held office during the financial year is set out below:-

Name of Directors	Attendance at meetings
Chun Kwong Pong	5/5
Liu Lee, Hsiu Lin @ Jessica H. Liu	5/5
Liu Han-Chao	5/5
Liu Jeremy	5/5
Ongi Cheng San	5/5
Lim Wai Loong	5/5
Lin, Po-Chih	5/5
Chee Chung Yen (<i>appointed on 12.7.2019</i>)	4/4
Lim E @ Lim Hoon Nam (<i>resigned on 12.7.2019</i>)	1/1
Lim Wee Keong (<i>resigned on 12.7.2019</i>)	1/1

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. Board Responsibilities (Cont'd)

The Board Charter sets out the governance structure, authority and terms of reference of the Board and its committees and the management. It also contains matters which the Board reserves full decision-making powers on. The Board Charter is published on the corporate website and review is done from time to time as and when required.

To assist the Board in fulfilling its roles, the board has three (3) committees, namely Audit Committee, Nomination Committee and Remuneration Committee, to support and assist in discharging its fiduciary duties and responsibilities. The respective functions and authority of the board committees have been defined by the Board in the terms of reference of each committee. The committees report and make recommendations on matters delegated to them to the Board for deliberation. The ultimate responsibility for the final decisions on all matters lies with the Board. As and when necessary, the Board conducts a review of the delegation of responsibilities for the Company to adapt dynamically to the changing circumstances.

The Board is supported by two Company Secretaries who are qualified to hold the positions under Section 235 (2) of the Act. The Company Secretaries attend and ensure that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory registers of the Company. The Board relies on the Company Secretaries for advice on its roles and responsibilities, corporate disclosures, compliance on and updates on new regulations issued by the regulatory authorities, particularly on the Act, the LR and the MCGG.

The Code of Conduct is set by the Company to provide employees of Superlon with guidance on the standards of behaviour expected of them in performing their duties of employment and in their dealings with fellow employees, clients, suppliers and member of the community. During FYE 2020, the Company formulated the Anti-Bribery and Corruption (“ABC”) Policy as testimony of its commitment to conduct business in an honest and ethical manner. The ABC Policy applies to all employees and any potential/existing business associates engaged in activities with the Group. The Company has an Integrity Team to attend to the anti-bribery and corruption compliance matters, in furtherance of the corporate liability provision of the Malaysian Anti-Corruption Commission Act. A Feedback Channel guidance is detailed in the Code of Conduct and Whistleblowing Policy and Procedures, intended to be used for employees to raise serious and sensitive concerns, including those relating to financial reporting, unethical or illegal conduct. The letter or e-mail is to be directed to the Chairman of the Board and/or Chairman of the Audit Committee, who are both non-executive.

2. Board Composition

Currently, three (3) out of eight (8) directors representing approximately 38% on our Board are Independent Directors. The Board has decided that there is a good balance of members who are executive, non-executive and independent directors such that no one individual or a small group of individuals can dominate the Board’s decision-making process. Material audit, risk management, remuneration and nomination matters are tabled for the approval of pertinent Board Committees comprising all or majority of Independent Directors, which act as the first tier to consider those matters prior to making recommendation for Board’s approval.

Currently, none of the Independent Directors have served the Board beyond nine (9) years. For the time being, the Board does not limit the tenure of the Independent Directors. In the event any Independent Directors are proposed by the Board to be retained after nine (9) years, the Board shall seek the shareholders’ approval with justification to be provided. The Nomination Committee has assessed the independence of all Independent Non-Executive Directors during FYE 2020. The Nomination Committee and the Board are of the view that the Independent Directors have been discharging their responsibilities independently of management and major shareholders.

All new Director(s) duly appointed by the Board are subsequently recommended for re-election at the next AGM. All Directors retire from office at least once every three (3) years but are eligible for re-election. If an Independent Director of the Board ceases to be a member of the Board with the result that less than 1/3 of the Board are Independent Directors, the Nomination Committee shall within three (3) months appoint such number of new Independent Directors as may be required to make up the shortfall. All new Directors attend the mandatory accreditation programme by Bursa Securities to familiarise themselves with the additional requirements for a listed company. The Company has a transparent and formal procedure for the appointment of new directors to the Board.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition (Cont'd)

In view that Superlon consists of a lean management team and the principal activities are in a specialised industry, no pre-fixed criteria for recruitment is viewed necessary to be established. This creates flexibility for the Nomination Committee to seek different candidates who would have the skill matrix to support the long term strategic direction and needs of the Company. The Nomination Committee evaluates the qualification and experience of the candidates vis-a-vis the Company's requirements and where appropriate recommends to the Board for appointment. Due consideration is given to the Board mix, the experience, expertise and personal qualities of the candidates as well as the gender diversity policy. The Company practices equal employment opportunity, where there is no discrimination when it comes to employing suitable candidates to join the company.

Part of the objectives and responsibilities of the Nomination Committee is to formulate the nomination, selection and succession policies for the members of the Board, Board Committees, Chairman of the Board and key management as may be required from time to time, taking into consideration the Gender Diversity Policy encouraged by Bursa Securities. The current Board consists of two (2) females, who are the Company's Managing Director and one (1) of our Independent Directors which amounts to 25% female representation. In addition, female participation of more than 50% is evidenced in the office workforce. The Nomination Committee will advocate the Company's policy in identifying and recruiting the best qualified candidates including women candidates via equal opportunities to serve on its Board and key management in the event of recruitment. The Nomination Committee comprises exclusively of Non-Executive Directors, a majority of whom is independent and is chaired by an Independent Director.

The Nomination Committee evaluates the nominations by the members of the Board, management and various other sources. The Committee also makes recommendations to the Board on new candidates for appointment and re-election to the Board. The Board has in the past found suitable candidates for Executive Directorships from within the company. The Company shall opt to utilise the independent sources to identify suitably qualified candidates when its existing internal network is exhausted.

The Nomination Committee has reviewed the performance of the Board based on performance evaluations conducted by the Board collectively during the financial year which assessed various areas including board structure, board operations, management relationship, board roles and responsibilities, board committees and corporate governance, and was of the view that the Board and Board Committees have discharged their responsibilities effectively. The Nomination Committee had also discussed and recommended the changes in Board composition, the appointment of new Independent Directors, retiring Directors eligible for re-election, continuing independence of Independent Directors and continuing education programmes was undertaken.

Remuneration

The remuneration of the Executive Directors is recommended to the Board by the Remuneration Committee so as to attract, retain, motivate and incentivise Directors of the necessary calibre needed to lead the Superlon Group successfully.

For Executive Directors, the component parts of the remuneration are structured so as to incentivise the individual according to the performance of the Group. The Remuneration Committee is to recommend to the Board the framework and remuneration package for each Executive Director. The Remuneration Committee meets periodically to consider all aspects of the Executive Directors' performance for recommendation of remuneration, drawing external advice when necessary.

In the case of Non-Executive Directors, the level of remuneration is based on their level of responsibilities. The determination of remuneration packages of Non-Executive Directors, including the Non-Executive Chairman, is decided by the Board as a whole.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**2. Board Composition (Cont'd)****Remuneration (Cont'd)**

The Director's fees and allowances are subject to the prior approval of shareholders at the AGM. The breakdown of the remuneration of each individual Director of the Company for the financial year under review is provided below:-

Name of Directors	SHB		SHB Group			
	Directors' salaries, bonuses and allowances RM	Directors' fees RM	Directors' salaries, bonuses and allowances RM	Employee Provident Fund RM	Directors' fees RM	Benefits in kind RM
Executive Director						
Liu Lee, Hsiu-Lin @ Jessica H. Liu	5,000	-	776,312	132,877	-	25,000
Liu Han-Chao	3,750	-	545,502	89,269	-	21,250
Liu Jeremy	3,750	-	481,064	77,019	-	1,251
Ongi Cheng San	3,750	-	430,062	67,441	-	8,458
Non-Executive Director						
Chun Kwong Pong	4,750	51,645	4,750	-	51,645	-
Lim Wai Loong	3,750	42,000	3,750	-	42,000	-
Lin, Po-Chih	3,750	42,000	3,750	-	42,000	-
Chee Chung Yen (Appointed on 12.7.2019)	3,000	33,758	3,000	-	33,758	-
Lim E@ Lim Hoon Nam (Resigned on 12.7.2019)	1,000	10,742	1,000	-	10,742	-
Lim Wee Keong (Resigned on 12.7.2019)	750	8,355	750	-	8,355	-

The aggregate remuneration of the top five (5) senior management of the Group is not disclosed taking into consideration the highly competitive industry in which the Group is operating and challenges faced in talent management and retention. For purposes of shareholders' analysis, the total salaries in the Group analysed by category is disclosed in the Annual Audited Accounts. The disclosure of the employees' salaries of the Group allows stakeholders to make an appreciable link between the remuneration and the performance of the Group. The Board believes that the disclosure contained in the Annual Audited Accounts would be sufficient to provide pertinent insights to shareholders on whether they are being remunerated responsibly.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**1. Audit Committee**

The Chairman of the Board and the Chairman of the Audit Committee are different individuals and both are non-executive. The Chairman of the Audit Committee is an Independent Director. The Audit Committee assists the Board in its responsibility to oversee and scrutinise the financial reporting and the effectiveness of the internal controls of the Group. Audit Committee members have from time to time attended various relevant training programmes, seminars and trades shows organised by relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in law, regulations and the business environment.

The Audit Committee has a policy which requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. To date, no former key audit partner has been appointed as a member of the Audit Committee.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

1. Audit Committee (Cont'd)

The audit fees paid by the Group for the FYE 2020 are detailed in Note 27 in the Financial Statements. No non-audit fees were paid to the external auditors by the Group in respect of the FYE 2020 save for the fees of RM5,000 for the review of the Statement on Risk Management and Internal Control contained in the Annual Report 2019. The Audit Committee is satisfied that the provision of these services did not compromise the external auditors' independence and objectivity. The External Auditors have also provided a written confirmation confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of relevant professional and regulatory requirements.

The Audit Committee has unrestricted access to any information pertaining to the Company and has direct communication channels with the external and internal auditors, when applicable and to the senior management of the Group.

The Audit Committee comprises of all Independent Non-Executive Directors. All members of the Committee possess a wide range of necessary skills to discharge its duties and are financially literate to carry out their duties. The Chairman of the Audit Committee, Ms Chee Chung Yen is a member of the Malaysian Institute of Accountants or otherwise a person approved under Paragraph 15.09 (1)(c)(ii) or (iii) of the LR.

The Audit Committee also has direct oversight of the audit of the Group and annually assesses the suitability, objectivity and independence of the external auditors and internal auditors.

2. Risk Management and Internal Control Framework

The Board is committed to maintain a sound system of risk management and internal controls to safeguard the assets of Superlon and shareholders' investments as stipulated by the Malaysian Code of Corporate Governance and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Board regards risk management as an integral part of the business operations and has approved the framework adopted by the Group to manage its risks. The Group implements an on-going process of identifying, evaluating, monitoring and managing significant risks that may affect the Group in achieving its business objectives throughout the financial year under review. This process is periodically reviewed by the Internal Auditors and recommendations are made to the management and reported to the Audit Committee on areas requiring improvement where necessary.

The Board recognises that the system is designed to manage within an acceptable risk profile, rather than eliminate the risk of failure to achieve the business objectives of the Group. Therefore, the internal controls can only provide reasonable and not absolute assurance against the occurrence of any material loss or failure. The Group will continue to take appropriate measures to strengthen the internal control environment and processes through an optimal balance between control costs and benefits.

The Group has outsourced its internal audit function to an external independent consulting firm which reports to the Audit Committee and assists the Board of Directors in monitoring and managing risks and internal controls. The internal audit firm consists of one or more professional internal auditors. The internal audit personnel are free from any relationships or conflicts of interest, which could potentially impair their objectivity and independence. The Internal Audit practices adopted by the internal auditors conform with the International Standards for the Professional Practice of Internal Auditing.

The Board had received assurance from the Managing Director and the Finance Director that, to the best of their knowledge, the Group's risk management and internal control system is operating adequately and effectively in line with the Group's objectives, in all material aspects. The Risk Management overview is covered by the Audit Committee which comprises of Independent Directors.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Communication with Stakeholders

The Board acknowledges the importance of an effective, transparent and regular communication with its stakeholders. As a public listed company, the Company has put in place procedures to abide by the corporate disclosure requirements of material information as set out by Bursa Securities. The Board members are kept informed of material matters which require public disclosures and they approve the announcement of material matters prior to public disclosure. The Board is mindful that material information is to be announced timely and that confidential information should be handled sensitively to avoid leakages leading to improper use of such information. In such circumstance, the Company will also closely monitor the market activity of its securities during a period where information is withheld. Where it is believed that such information has inevitably been leaked, immediate announcement will be made.

Superlon's website consists of the relevant corporation information including the board charter, terms of reference of the Board committees, key policies of the Company, annual report, etc. Shareholders and investors are also kept informed of all major developments within the Group by way of announcements via the BURSA LINK. The Company also engages with fund managers, financial analysts, shareholders and the media from time to time.

2. Conduct of General Meetings

The notice for the upcoming AGM of the Group in 2020 was distributed to the shareholders together with the Annual Report on 21 August 2020, giving at least 28 days' notice prior to the AGM. All Directors were present at the last AGM to engage directly with and be accountable to the shareholders for their stewardship of the Company. The Directors, all other committee members, and external auditors were in attendance to respond to the shareholders' queries. The AGM (and any other general meetings) also serves as a forum for the Board to engage with the shareholders personally to obtain their views and feedback.

The Group held its General Meetings in Selangor where the location is accessible. Shareholders who are unable to attend the AGM in person can authorise another person as their proxy/proxies to cast votes on his/her behalf.

This Corporate Governance Overview Statement was approved by the Board on 11 August 2020.

ADDITIONAL COMPLIANCE INFORMATION

Disclosure of related party transactions

The Group has taken all necessary steps to ensure that transactions which were deemed to be related party transactions were appropriately disclosed in accordance with the LR and good corporate governance.

Utilisation of proceeds

No fundraising was made from the equity market in the financial year under review.

Variation in results

No profit forecast was made for the financial year under review.

Profit guarantee

No profit guarantee was given for the financial year.

Material contracts and Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

Save as disclosed in Note 35 of the financial statements for the financial year under review, there were no material contracts or RRPT involving the interest of the Directors and/or major shareholders of the Company.