

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board plays a vital role in overseeing the management of the Company and instill good corporate governance practices within the organisation. This statement articulates the application of the corporate governance practices by the Company under the leadership and guidance of the Board during the FYE 2023. The Audit and Risk Management Committee monitors the Company's compliance with the Malaysian Code on Corporate Governance (MCCG).

This overview is presented in compliance with Paragraph 15.25(1) of the LR with guidance drawn from Practice Note 9 of the LR and MCCG and is a summary of the CG Report 2023 which is available on Superlon's website.

This statement encompasses 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 the 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 overall strategic planning, risk management, system of internal controls, succession planning, investor relations programme, sustainability strategies 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 distinction of roles and responsibilities between the Chairman and the Managing Director. The Chairman is non-executive and is primarily responsible for Board effectiveness and conduct whilst the Managing Director cum CEO 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 perusal prior to confirmation and adoption at the following Board meeting. All Directors have unrestricted access to the information of the Group as well as advice of the company secretary, external auditors and internal auditors whether as a full board or in their individual capacity, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1. Board Responsibilities (Cont'd)

The Board recognises the importance of regular training and professional development for its Directors to serve effectively and to keep abreast with the economic and business developments. During the financial year, the Board evaluated and assessed the training needs of the Board 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	<ul style="list-style-type: none"> Gamification Application in Raising Capital Market Products and Services When the Taxman Comes Knocking
Liu Lee, Hsiu-Lin (also known as Jessica Hsiu-Lin Liu)	<ul style="list-style-type: none"> KLCC REVAC 2022
Liu Han-Chao	<ul style="list-style-type: none"> Contract Basics for Non-Lawyer KLCC REVAC 2022
Liu Jeremy	<ul style="list-style-type: none"> Contract Basics for Non-Lawyer KLCC REVAC 2022 Foam Expo Novi 2022 AHR Atlanta 2023
Ongi Cheng San	<ul style="list-style-type: none"> Contract Basics for Non-Lawyer Key Tax Developments 2022 Updates on the Additional Disclosure of Information on Controlled Transactions Mastering the Principles of Deferred Taxation from Fundamental to Complex Transactions and Events
Lim Wai Loong	<ul style="list-style-type: none"> Contract Basics for Non-Lawyer Finance For Non-Finance Managers Train The Trainer Anti-Money Laundering Anti-Bribery & Corruption Data Privacy & Information Security Awareness 2022 Foreign Account Tax Compliance Act & Common Reporting Standard Training
Lin, Po-Chih	<ul style="list-style-type: none"> Contract Basics for Non-Lawyer
Lee Mei Hsiang (Appointed on 20 July 2023)	(Not applicable)
Chee Chung Yen (Resigned w.e.f 20 July 2023)	<ul style="list-style-type: none"> Contract Basics for Non-Lawyer

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1. Board Responsibilities (Cont'd)

Board meetings are scheduled quarterly with additional meetings to be convened as and when required. During the financial year ending 30 April 2023, 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 (also known as Jessica Hsiu-Lin 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
Lee Mei Hsiang (Appointed on 20 July 2023)	-
Chee Chung Yen (Resigned w.e.f 20 July 2023)	5/5

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 ensure compliance and relevance to the prevailing laws, regulation and best practices.

To assist the Board in fulfilling its roles, the board has established three (3) committees, namely Audit and Risk Management 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 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 Committee meetings are held prior to the Board meetings to facilitate discussion of matters tabled for the Committees. The recommendations of the Committees are then presented during the Board meeting.

The Board is supported by a Company Secretary who is qualified to act as company secretary under the Act. The Company Secretary attends and ensures 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 Secretary for advice on its roles and responsibilities, corporate disclosures, governance matters, 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 Group 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. The Company had 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 guidance on feedback channel is detailed in the Company's Code of Conduct and Whistleblowing Policy and Procedures. The feedback channel is intended to be used for employees to raise serious and sensitive concerns, including those relating to financial reporting, unethical or illegal conduct.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1. Board Responsibilities (Cont'd)

Superlon acknowledges the importance of sustainability relating to economic, environment and social including their risks and opportunities to/for our Group. The Company has implemented a sustainability framework and established a Sustainability Policy which is managed by a Sustainability Team comprising the management. The Sustainability Team supervises key sustainability initiatives and reports to the Executive Directors who then report to the Board.

The Board oversees the sustainability-related strategies of the Group and take into consideration the material sustainability issues during decision-making. The Board of Directors is ultimately responsible for ensuring that the Group's business objectives are sustainable and for reviewing the robustness of the business strategies from time to time in withstanding material sustainability risks while pursuing the opportunities.

The Sustainability Team reviews the goals and targets and monitors the progress as well as report to the Executive Directors on their findings. They also promote the integration of sustainability considerations into the Group's risk management framework and manage the overall sustainability strategies and efforts. The General Manager is designated to oversee the implementation of the Sustainability Policy. He leads and guides the Sustainability Team in carrying out their roles and responsibilities.

The performance evaluation of the Board includes sustainability matters as part of the points of consideration. Whilst the sustainability policy has been implemented and various strategies are in place, the Company has yet to add these into the key performance indicators for the senior management in order to provide more time to adapt to the expectations of the Company on sustainability matters and to perform accordingly.

Further information pertaining to the sustainability efforts of the Group can be found in the Sustainability Statement of this Annual Report.

2. Board Composition

Currently, three (3) out of eight (8) directors representing approximately 38% on our Board are Independent Directors whilst four (4) out of eight (8) directors representing 50% on the Board are Non-Executive Directors. The Board views 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 had assessed the independence of all Independent Non-Executive Directors during FYE 2023. 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 Board has in place a fit and proper policy to govern the appointment of Directors and the re-election of Directors which takes into consideration factors including character and integrity, experience and competence as well as the time and commitment by the Directors.

The Company has a moderate-sized Board and the duties of the committees are distributed within the non-executive directors. The Chairman of the Board is also the Chairman of Remuneration Committee. As a balance to ensure objectivity and more effective Board discussions, when the Remuneration Committee has matters to report to the Board, the chairing of the Board will be handed to another Director while the Board receives and assesses the reports from the Remuneration Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 as well as the fit and proper policy 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. Apart from the existing network, the Board also uses independent sources in nominating candidates for directorships. The Directors who are newly appointed as well as Directors due for re-election are proposed to the shareholders for their approval. The information on the Directors is disclosed in the Annual Report for shareholders to make an informed decision in their appointment or re-appointment.

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, more than 50% female participation is in the office workforce. The Nomination Committee will advocate the Company's policy in identifying and recruiting 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. Various areas assessed including board structure, board operations, management relationship, board roles and responsibilities, board committees and corporate governance, and sustainability. The Nomination Committee is of the view that the Board and Board Committees have discharged their responsibilities effectively. The Nomination Committee has also assessed and recommended the retiring Directors eligible for re-election, reviewed the continuing independence of Independent Directors and the 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 considers, amidst others, the Executive Directors' roles and responsibilities, skill and experience, corporate and individual performance for recommendation of remuneration.

In the case of Non-Executive Directors, the level of remuneration is based on, inter-alia, their experience, qualifications and contribution, the extent of duties and responsibility and the time commitment. The determination of remuneration packages of Non-Executive Directors, including the Non-Executive Chairman, is decided by the Board as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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:-

	Superlon		Superlon 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 (also known as Jessica Hsiu-Lin Liu)	5,000	–	653,969	118,196	–	25,000
Liu Han-Chao	2,250	–	421,659	74,588	–	21,250
Liu Jeremy	3,750	–	358,718	62,337	–	9,000
Ongi Cheng San	3,750	–	307,719	52,760	–	9,000
Non-Executive Director						
Chun Kwong Pong	5,000	54,000	5,000	–	54,000	–
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 (Resigned w.e.f 20 July 2023)	3,750	42,000	3,750	–	42,000	–

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 and Risk Management Committee ("ARMC")

The Chairman of the Board and the Chairman of the ARMC are different individuals and both are non-executive. The Chairman of the ARMC is an Independent Director. The ARMC assists the Board in its responsibility to oversee and scrutinise the financial reporting and the effectiveness of the internal controls of the Group. ARMC 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 ARMC has a policy which requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC. To date, no former key audit partner has been appointed as a member of the ARMC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1. Audit and Risk Management Committee ("ARMC") (Cont'd)

The audit fees paid by the Group for the FYE 2023 are detailed in Note 25 in the Financial Statements. No non-audit fees were paid to the external auditors by the Group in respect of the FYE 2023 save for the fees of RM5,000 for the review of the Statement on Risk Management and Internal Control contained in the Annual Report 2022. The ARMC is satisfied that the provision of these services did not compromise the external auditors' independence and objectivity. The External Auditors have also confirmed that, inter-alia, they have maintained their independence throughout the audit of Superlon, in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountant's International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and they have fulfilled their ethical responsibilities in accordance with the By-Laws and the IESBA Code.

The ARMC 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 ARMC 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 previous Chairman of the ARMC, Ms Chee Chung Yen and the current Chairman of the ARMC, Ms Lee Mei Hsiang are members of the Malaysian Institute of Accountants or otherwise a person approved under Paragraph 15.09 (1)(c)(ii) or (iii) of the LR.

The ARMC 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 maintaining an effective risk management and a sound internal controls system to safeguard the assets of Superlon Group and shareholders' interests 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 processes to identify, evaluate, monitor and manage significant risks that may affect the Group in achieving its business objectives throughout the financial year under review. These processes are periodically reviewed by the Internal Auditors who report to the Audit and Risk Management Committee on areas requiring improvement where necessary.

The Board recognises that the system is designed to mitigate and does not eliminate the risk of failure in achieving the Group's business objectives. Therefore, the internal controls can only provide reasonable and not absolute assurance against the occurrence of any material loss or failure. The Group regularly assesses and takes appropriate measures to strengthen the internal control environment and processes through an optimal balance between control costs and benefits for the Group's major operations.

The Group has outsourced its internal audit function to an external independent consulting firms which report to the ARMC and assist the Board of Directors in monitoring and managing risks and internal controls. The engagement teams consist 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 ARMC which comprises of Independent Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 2023 was distributed to the shareholders together with the Annual Report, giving at least twenty-eight (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.

Superlon will hold its forthcoming AGM in Selangor where the location is accessible. Shareholders who are unable to attend the AGM in person can authorise another person online via TIIH Online website as their proxy/proxies to cast votes on his/her behalf as per his/her instructions.

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 Related Party Transactions of a Revenue or Trading Nature ("RPT")

Save as disclosed in Note 33 of the financial statements for the financial year under review, there were no material contracts or RPT involving the interest of the Directors and/or major shareholders of the Company.