

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement (“CG Statement”) provides an overview on the extent of how our Group has applied the three (3) key principles of good governance as set out in the Malaysian Code on Corporate Governance (“MCCG”).

Recognising that proper corporate governance framework is one of the crucial factors that contributes to the intrinsic value of an organisation, our Group endeavours to ensure that the practices and guidance advocated in the MCCG are applied within our Group where applicable and appropriate to create and deliver long-term and sustainable shareholders’ value.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD COMPOSITION

The Board of Directors of the Company (“Board”), at present, consist of 1 Non-Independent Non-Executive Chairman, 2 Executive Directors, and 2 Independent Non-Executive Directors.

Members of the Board, and their respective attendance record for the Board meetings conducted during the financial year under review are as follows:

Name	Designation	Attendance
Ding LiHong <i>(Re-designated on 30 August 2023)</i>	Non-Independent Non-Executive Chairman	5/5
Ding PengPeng	Managing Director / Chief Executive Officer (“CEO”)	5/5
Ding PengWan	Executive Director / Deputy CEO cum Chief Operating Officer (“COO”)	5/5
Zhu GuoHe <i>(Retired on 31 May 2023)</i>	Senior Independent Non-Executive Director	4/5
Woon Yeow Thong <i>(Retired on 31 May 2023)</i>	Independent Non-Executive Director	5/5
Ho Pui Hold	Independent Non-Executive Director	5/5
Gilbert Lau Kien Yen <i>(Appointed on 30 August 2023)</i>	Independent Non-Executive Director	Not applicable

For the financial year under review, the Company was in adherence with the recommended practice of the MCCG that at least half of the board shall comprise independent directors.

The composition and size of the Board are reviewed from time to time to ensure their appropriateness and effectiveness. Overall, the Board should comprise:

- (i) Adequate independent non-executive directors in accordance with the provisions of the Listing Requirements;
- (ii) Directors with an appropriate range of skills, experience and expertise;
- (iii) Directors who have a proper understanding of, and competence to deal with, current and emerging issues of the business; and
- (iv) Directors who can effectively review and challenge the performance of the management and exercise independent judgement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

2. BOARD CHARTER & CODE OF ETHICS AND CONDUCT

A board charter (“Charter”) has been drawn up, the primary objectives of which are to promote high standards of corporate governance and to clarify the roles, responsibilities, functions, compositions, operation and processes of the Board. The Board reviews the Charter periodically, as and when there are changes to the governance structure or applicable requirements, to ensure compliance with the relevant standards of corporate governance. The Charter can be accessed at the Company’s corporate website at www.xidelang.com.my (“Corporate Website”).

In order to enhance the professionalism and integrity of our employees, a formal Code of Ethics and Conduct has been put in place; outlining the standards of business conduct and ethical behaviours that all personnel of our Group (including the Directors) must adhere to in discharging their duties and responsibilities. The Code of Ethics and Conduct can be accessed on the Company’s Corporate Website.

A whistle-blowing policy has also been put in place by our Group to provide an avenue for employees to raise their concerns and voice out any malpractices, wrongdoing, abuse of power, conflict of interest, corruption or non-compliance within our Group; to promote accountability and to enhance personal ethics in the dealings of our Group.

The Group also adopted the Anti-Bribery & Anti-Corruption Policy & Guidelines as part of the Group’s commitment to prohibit bribery and corruption in the business conduct of the Group.

3. BOARD RESPONSIBILITIES

The Board is collectively responsible for formulating and reviewing the strategic objectives and key policies of our Group, as well as charting the strategic direction for our business operations. In addition to that, the Board also assumes the overall responsibility for the following:

- Strategic allocation of resources to align with the overall objectives of our Group;
- Monitoring of our Group’s financial performance, financial position and cash flows;
- Evaluation and management of the principal risks faced by our Group;
- Implementation and review of risk management and internal control systems;
- Succession planning; and
- Development of investor relations programme and shareholders’ policy.

The Board, assisted by the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee, provides effective oversight over our Group’s operations. Members of the Board exercise due diligence and care in discharging their responsibilities and act in the best interests of our Group and shareholders.

The functions of Executive and Non-Executive Directors are distinguished and clearly defined. The primary roles and responsibilities of the respective members of the Board are summarised below:

Chairman	<ul style="list-style-type: none"> ○ Provides leadership to the Board. ○ Ensure the efficient organisation and conduct of the Board. ○ Monitor Board’s performance annually. ○ Facilitate Board’s discussions to ensure core issues faced by our Group are addressed. ○ Brief all Directors in relation to issues arising at Board meetings. ○ Facilitate the effective contribution and ongoing development of all Directors. ○ Promote consultative, constructive, professional and respectful relations among Board members and between the Board and Management. ○ Chair shareholder meetings.
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CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Managing Director / CEO	<ul style="list-style-type: none"> ○ Perform executive management of our Group's business covering, inter alia, the development of a strategic plan / budget, performance benchmarks to gauge management performance and the analysis of management reports. ○ Ensure the effective implementation of our Group's strategic plan and policies established by the Board as well as managing the daily conduct of the business to ensure its smooth operations. ○ Effectively oversee the human resources of our Group with respect to key position in the corporate hierarchy. ○ Assure the Company that its corporate identity, products and services are of high standards and are reflective of the market environment. ○ Assess business opportunities which are of potential benefit to our Group. ○ Supervise heads of divisions and departments who are responsible for all functions contributing to the success of our Group. ○ Highlight material and other relevant matters to the Board's attention in a comprehensive and timely manner.
Deputy CEO	<ul style="list-style-type: none"> ○ Provide assistance and support to the Managing Director / CEO to carry out his responsibilities. ○ To assume the role of CEO in the absence of Managing Director / CEO.
COO	<ul style="list-style-type: none"> ○ Monitor and manage day-to-day operations of our Group and keeping the Managing Director / CEO aware with the significant events of our Group. ○ Ensure our Group's operations in line with the short and/or long-term strategic planning of our Group. ○ Communicate our Group's operational strategies and policies to the employees. ○ Evaluate our Group's performance and provide suggestions and solutions to improve/resolve identified issue(s).
Executive Director	<ul style="list-style-type: none"> ○ Responsible for the day-to-day management and operations of the relevant divisions and functions within our Group.
Independent Non-Executive Directors	<ul style="list-style-type: none"> ○ Responsible for providing unbiased, independent and professional views, advice and judgement, taking into consideration the interests of our Group and all its stakeholders. ○ Performance monitoring and enhancement of corporate governance and internal controls.

Executive Directors

To ensure the effective discharge of its function and responsibilities, the Board delegates some of the Board's authorities and discretion to the Executive Directors as well as properly constituted Board committees. The Board committees are entrusted with specific duties and responsibilities to oversee our Group's affairs, in accordance with their respective terms of reference. At each Board meeting, minutes of the Board committees' meetings are presented to the Board. The respective chairman of the Board committees will also report to the Board on key issues deliberated by the Board committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Executive Directors assume the primary responsibility for managing our Group's resources and daily operations. The Executive Directors, representing the Management, will formulate the appropriate strategic plans and business strategies, taking into consideration the prevailing market condition and operating environment, and submit to the Board multi-year business plans and forecast for consideration and approval. From time to time, corporate proposal(s) that are considered beneficial to our Group are tabled at the Board meetings for deliberation and approval. Quarterly financial reports and the annual financial statements are submitted to the Audit Committee and the Board for review and performance monitoring. The actual results are benchmarked against the submitted forecast, and explanations are obtained by the Board on any significant deviation.

The Management's authority limits for our Group's operations are defined / approved by the Board from time to time, upon deliberation by the Board on the investment proposal, capital expenditure budget and/or business plan and forecast submitted by Management; with the status of implementation subject to the Board's monitoring at the periodic Board meetings. In defining the authority limits, the Board refers to the provisions of the Main Market Listing Requirements ("Listing Requirements") by Bursa Malaysia Securities Berhad ("Bursa Securities") particularly those as stipulated under Chapter 10 of the Listing Requirements.

Independent Non-Executive Directors

The Independent Non-Executive Directors exercise with professional competence and independence a supervisory role via their involvement in various Board committees and focus principally on performance monitoring and enhancement of corporate governance and internal controls. They offer a capable check and balance for the Executive Directors.

The presence of the Independent Non-Executive Directors ensures that issues pertaining to strategies, performance and resources allocation proposed by the Management (led by the Executive Directors) are objectively evaluated, taking into consideration the interests of shareholders and relevant stakeholders of our Group. The Independent Non-Executive Directors bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the financial performance of our Group, and monitor the overall risk profile of our Group. The Independent Non-Executive Directors communicate with the Management, and with the internal and external auditors, to address matters concerning management and oversight of our Group's operations.

4. APPOINTMENT & RE-ELECTION OF DIRECTORS

The Board as a whole makes decisions on appointment of director, upon recommendation by the Nomination Committee. The selection and appointment of suitable candidates for the Board membership are conducted in systematic manner, which involve the following 5 nomination procedures:

- Identification / selection of candidates;
- Evaluation of suitability of candidates;
- Formal interview with candidates;
- Final deliberation by Nomination Committee; and
- Recommendation to the Board for approval.

The Nomination Committee, in connection to the nomination process, has full authority to:

- Determine the desired qualifications and criteria for Board members, including skills, experience, qualities, desired diversity and the like.
- Recommend to the Board definitions of "independence" and "conflict of interest" for Board members, as well as guidance on time commitments and other directorships.
- Retain and terminate (within its sole authority) any search firm to assist in identifying director candidates, including the sole authority to approve the fees payable to such search firm and any other terms of retention.
- Oversee due diligence on the candidates for nomination or re-nomination as Board members.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Pursuant to the Company's Bye-Laws ("The Bye-Laws"), one-third (1/3) of the Directors for the time being, or if their number is not 3 or a multiple of 3 then the number nearest to but not less than one-third (1/3), shall retire from office and shall be eligible for re-election thereat by rotation at each Annual General Meeting ("AGM") provided always that all Directors shall retire from office at least once every 3 years. Directors who are appointed by the Board shall retire and subject themselves for re-election by the shareholders at the next AGM held following their appointments.

The Bye-Laws also provides that Directors over the age of 70 years are required to subject themselves for re-appointment annually.

In the selection process, the Board and the Nomination Committee endeavour to appoint member that can improve the Board's overall compositional balance and enhance the Board's overall effectiveness in discharging its duties, emphasising primarily on the working experience and knowledge of the candidate; unbiased in respect of race, religion and gender.

The Board is satisfied with the mix of skills, experience, and industry-specific knowledge gained to-date by the respective Directors. At present, the Board consists of Executive Directors with extensive industry knowledge and experience, and Independent Non-Executive Directors with well-balanced mix of knowledge and experience on corporate management, corporate finance and financial reporting, and legal and regulatory requirements.

During the financial year under review, our Group has 2 female Executive Directors although there is no female Independent Non-Executive Director. This is in adherence with the recommended practice of the MCCG that the board shall have at least 30% of women directors. At this juncture, the Board is of the opinion that maintaining an unbiased gender policy in relation to the board and senior management will be more constructive and beneficial to our Group.

The Board takes note of the following recommended practice of the MCCG that:

- The tenure of an independent director should not exceed a cumulative term of 9 years; and
- If an independent director is intended to be retained beyond 9 years, the Board should justify the decision and seek annual shareholders' approval through a two-tier voting process.

The Board takes note of the step-up practice of the MCCG that a policy limiting the tenure of an independent director to nine (9) years should be established. At this juncture, the Board does not intend to impose such restriction. The Board seeks to strike a balance between tenure of service and the benefits to our Group from the continuity of service of an independent director.

Following the retirement of Mr. Zhu GuoHe and Mr. Woon Yeow Thong on 31 May 2023, none of the Independent Non-Executive Directors of our Company have served for more than nine (9) years.

5. BOARD BALANCE AND TIME COMMITMENT

Members of the Board are persons of high calibre from differing professional and commercial backgrounds. With a blend of good management, entrepreneurial skills and industry-specific knowledge, they bring extensive depth and diversity in experience and perspectives which are vital for the continued success of the Group. The profiles of each of our existing Directors are presented under Profile of the Board of Directors contained in this Annual Report.

The Board takes note of the restriction under Paragraph 15.06 of the Listing Requirements that the Directors should not hold more than 5 directorships in listed entities. None of the Directors is in breach of this restriction.

Directors are required to submit a timely update of their directorship in other companies to the Company Secretary as and when there is a change. Such information is used as reference in assessing whether the Directors will be able to allocate sufficient time to fulfil their fiduciary roles and responsibilities effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board is satisfied with the level of time commitment allocated by the Directors towards fulfilling their roles and responsibilities as directors for the financial year under review, as substantiated by the good attendance of the Directors at the Board meetings.

To ensure an effective and independent supervision, all the Independent Non-Executive Directors are required to be independent of the Management and major shareholders, and are free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

The Board has performed an annual assessment on the Independent Non-Executive Directors and is satisfied that all the existing Independent Non-Executive Directors continue to fulfil the definition of independence as stipulated in the Listing Requirements.

6. ANNUAL ASSESSMENT

The Board carries out assessment on the effectiveness of individual Directors, the Board as a whole, and the Board committees on annual basis, to identify areas for improvement and for the purposes of re-appointment of Directors of the Company.

Criteria/aspects considered in the annual assessment of the individual Directors are summarised below:

- In respect of Executive Directors
 - (a) Knowledge and experience of the Group's operations and products;
 - (b) Actual performance against business plan/budget;
 - (c) Commitment towards good corporate governance and effective risk management and internal control systems;
 - (d) Whether there are effective authority and approval limits in place;
 - (e) Whether there is effective decision-making process in place, where all important factors (both quantitative and qualitative) are sufficiently deliberated;
 - (f) Whether they promote healthy debate on issues and encourage participation by all Directors;
 - (g) Commitment towards maintaining a healthy level of independence for the Board and ensuring that no board dominance by an individual or certain individuals; and
 - (h) Shareholders' communication and investor relations' policies and programmes.

- In respect of Non-Executive Directors
 - (a) Commitment level, particularly in terms of attendance record and active participation in the Board's deliberation;
 - (b) Independence level, particularly whether they have been able to express views and raise issues for discussion freely in ways that are constructive and in the interests of our Group;
 - (c) Knowledge and experience, particularly whether they have been able to provide adequate advice and counsel on major business issues raised;
 - (d) Commitment towards good corporate governance and effective risk management and internal control systems; and
 - (e) Whether there is effective and adequate review, supervision and monitoring on our Group's strategic plans and directions, financial performance, governance structure and risk management and internal control mechanisms.

The performance assessment by the individual members of the Board were compiled and evaluated by the Nomination Committee, with the findings tabled to the Board for consideration. The Nomination Committee had collectively assessed, reviewed and evaluated the performance and effectiveness of the Board as a whole, the contribution by the individual members of the Board and the committees set up to assist the Board. Based on the evaluation, the overall performance of the Board as a whole, the individual members of the Board and the committees set up to assist the Board were considered to be satisfactory.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

7. BOARD COMMITTEES

The Board, in discharging its duties and responsibilities, is assisted by the several board committees including Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee (collectively referred to as “Board Committees”).

Each of the Board Committees operate within the clearly defined terms of reference approved by the Board. The functions and terms of reference of the respective Board Committees, as well as the authority delegated by the Board to the Board Committees, are reviewed from time to time to ensure they remain relevant, up to date and comply with the applicable rules and regulations.

The Board Committees deliberate matters within their operating parameters in greater details and report to the Board on matters deliberated together with their recommendations. Nevertheless, final decisions on all matters are always subject to the Board’s collective approval.

Nomination Committee

Name	Designation	Attendance
Zhu GuoHe (Retired on 31 May 2023)	Chairman	1/1
Woon Yeow Thong (Retired on 31 May 2023)	Member	1/1
Ho Pui Hold	Member	1/1
Ding LiHong (Appointed on 30 August 2023)	Chairman	Not applicable
Gilbert Lau Kien Yen (Appointed on 30 August 2023)	Member	Not applicable

For the financial year under review, our Nomination Committee comprises exclusively Independent Non-Executive Directors, the Chairman of which is the Senior Independent Non-Executive Director.

The Nomination Committee is governed by its terms of reference approved by the Board, which has been published under the Company’s Corporate Website (*Investor Relations Section – Corporate Governance*).

Nomination Committee is responsible for the following:

- Reviewed and discussed the performance and contribution of the Executive Directors;
- Reviewed and discussed the performance and contribution of the Independent Non-Executive Directors;
- Assessed the performance of the Board as a whole as well as the contribution of the respective Board Committees; and
- Evaluated the Directors that shall retire pursuant to the Bye-Laws of the Company, and made recommendation for their re-election.

The Nomination Committee members have abstained from deliberating and voting on matters related to themselves.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Remuneration Committee

Name	Designation	Attendance
Woon Yeow Thong <i>(Retired on 31 May 2023)</i>	Chairman	1/1
Zhu GuoHe <i>(Retired on 31 May 2023)</i>	Member	1/1
Ho Pui Hold	Member	1/1
Ding LiHong <i>(Appointed on 30 August 2023)</i>	Chairman	Not applicable
Gilbert Lau Kien Yen <i>(Appointed on 30 August 2023)</i>	Member	Not applicable

For the financial year under review, our Remuneration Committee comprises exclusively Independent Non-Executive Directors.

The Remuneration Committee is governed by its terms of reference approved by the Board, which has been published under the Company's Corporate Website (*Investor Relations Section – Corporate Governance*).

8. INFORMATION AND SUPPORT TO THE BOARD

Access to Information and Advice

The Board is scheduled to meet at least quarterly to discuss the operations and financial performance of our Group, with additional meetings to be convened to resolve any major and ad-hoc matters requiring immediate attention. Directors may participate either in person, or through electronic means of communication (via teleconference).

Relevant information and agenda are circulated to the Board members in advance of each Board meeting to ensure the Directors have sufficient time to solicit further explanations and/or information, where necessary, so as to enable them to duly discharge their duties and ensure that deliberations at the meeting are focused and constructive.

The proceedings and relevant resolutions passed at the Board meeting are duly recorded by the Company Secretary, and properly documented and filed in the Minutes Book maintained at the Registered Office in Bermuda with a copy maintained at the Registered Office in Malaysia.

The Board enjoys full and unrestricted access to all information pertaining to our Group's affairs. In discharging their duties, the Board has full access to the advice and services of the Company Secretary and the Assistant Secretary who are responsible to the Board for ensuring that the Board meeting procedures are adhered to and that applicable rules and regulations are being complied with. The Board is allowed, whether as a full board or in their individual capacity, to solicit independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, and the expenses shall be borne by our Group.

Any request of information/enquiry will be communicated to the Company Secretary, who will then disseminate the request/enquiry to other members of the Board. The Director concerned may, at his/her desire, either procure the assistance of the Management or Company Secretary to obtain the clarification required, or communicate directly with the relevant professional. The clarification is shared with other members of the Board during the Board meeting. If necessary, invitation may be extended to the relevant professional to attend the Board meeting and brief the Board on the matter concerned.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board is constantly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities.

Training

Directors are briefed and updated at the quarterly meetings by the Company Secretary, internal and/or external auditors on relevant amendments to the Listing Requirements, corporate governance practices and principles, risk management and internal control approaches, as well as Financial Reporting Standards.

Directors recognise the importance of continuing professional development and the need for continuous update and training. During the financial year under review, the individual Directors kept abreast with the changes and developments in the marketplace and the corporate regulatory framework primarily through the following channels:

- Briefings by the Company Secretary, Internal and External Auditors during the quarterly meetings;
- Daily work exposures and involvements in chamber of commerce and industry-related associations;
- Sharing of knowledge and information with other Directors, through the interactions during the Board meetings;
- Personal readings; and/or
- Structured training programmes.

Set out below are structured training programmes participated by existing individual Director during the financial year under review:

Name of Director	Title of Training Programmes
Ho Pui Hold	<ul style="list-style-type: none"> ○ Advocacy Session for Directors and Senior Management of Main Market Listed Issuers ○ Compliance with LR – Reporting of Financial Statements ○ Conversation with Audit Committees – Session 1 ○ Workshop for Sustainable Reporting Latest Development ○ 2023 Budget Seminar

The Board takes cognisance of the importance for individual Directors to participate in structured training programmes from time to time, and will get the assistance from the Company Secretary to identify and recommend suitable structured training programme for the Directors' participation in the future.

Suitably Qualified and Competent Company Secretary

The Company Secretary and the Assistant Secretary engaged by the Company are licensed company secretarial firms within the jurisdiction of Malaysia and Bermuda, respectively; who employ chartered secretaries and experienced professionals in their provision of secretarial services to the Company.

The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary supports the Board in managing the Company's governance model, ensuring that it is effective and relevant. The Company Secretary also ensures that deliberations at the Board and its committees' meetings are properly minuted and kept. In particular, the Company Secretary:

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

- Compile all the relevant information and agenda for Board meetings and circulate the same to the members of the Board;
- Take minutes of the proceedings at the Board and its committees' meetings;
- Prepare the relevant resolutions for the approval of the Board where applicable;
- Brief the members of the Board on any updates or amendments on the regulatory requirements (including the Listing Requirements), directives and guidance applicable to the listed company, and circulate a copy of the regulatory requirements, directives and guidance to the Board for reference;
- Facilitate the conduct of the Company's Annual General Meeting ("AGM") and special general meeting ("SGM") (where applicable); and
- Assist the Company in making filings and submissions with the authorities.

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging its duties and responsibilities.

9. DIRECTORS' REMUNERATION

The objective of our Group's remuneration policy is to attract and recruit the right people for the Board, who possess both the necessary leadership qualities and the required background and experience in relevant areas of our Group's business; and to encourage and motivate the Directors to focus on a strong market position of our Group, financial results and shareholder value creation as well as providing the members of the Board with incentives to achieve long term growth objectives.

The total remuneration package is structured to be competitive and in line with current market practice for Board members of comparable companies, taking into account both size and business complexity.

For Executive Directors

The key elements of our Group's remuneration policy are set out below:

- (i) The remuneration package shall take into consideration the individual performance, service seniority, experience and responsibilities of the individual Executive Directors; and align to the corporate performance particularly the profitability of the Group.
- (ii) The remuneration package shall consist of both fixed element (annual salary) and variable element (bonus).
- (iii) The remuneration package shall be competitive and comparable to the pay level offered by other companies within similar industry.

The remuneration package for the Executive Directors shall be subject to review by the Remuneration Committee annually. Details of the remuneration for each of the Executive Directors during the financial year ended 30 June 2023 are set out below:

	Salary RMB'000	Bonus RMB'000	Total RMB'000
Ding LiHong (<i>Re-designated as Non-Executive Director subsequent to year end, on 30 August 2023</i>)	674	500	1,174
Ding PengPeng	685	500	1,185
Ding PengWan	281	250	531
Grand Total	1,640	1,250	2,890

Remark

The remuneration of the Executive Directors are payable by a subsidiary company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

For Non-Executive Directors

The key elements of our Group's remuneration policy are set out below:

- (i) The fees payable shall be commensurate with market trends, length of service and seniority, duties and responsibilities entrusted upon them as well as level of contribution.
- (ii) The fees payable shall be a fixed sum, with additional allowance for attendance of meeting.
- (iii) The fees payable to the Non-Executive Directors shall be subject to shareholders' approval at the AGM.

The determination of the remuneration package of Non-Executive Directors is a matter for the Board as a whole. Directors are required to abstain from deliberations and voting on decisions concerning their own remuneration.

Details of the remuneration for each of the Non-Executive Directors paid during the financial year ended 30 June 2023 are set out below:

	Total Fees/ Emoluments RMB'000
Zhu GuoHe	110
Woon Yeow Thong	158
Ho Pui Hold	106
Grand Total	374

Remark

The remuneration of the Non-Executive Directors are payable by the Company.

10. **SUCCESSION PLANNING**

Succession planning is embedded within our Group's organisational structure, where the top management (led by the Executive Directors) are supported by middle management personnel for the key functions of our Group's operations. This helps to ensure continuity of our Group's operations in the event of mishap or sudden departure of any key personnel.

Continuity is also preserved at the Board level.

For the executive capacity, while there are clear segregation of roles and responsibilities for the Executive Chairman, the Managing Director / CEO and the Executive Director / Deputy CEO cum COO, each of them is capable and competent of assuming the primary executive management function in the event of unforeseen emergency.

For the non-executive capacity, our Group presently has 3 Independent Non-Executive Directors. This offers additional assurance that a quorum will remain available in the event of abrupt absence of any individual Independent Non-Executive Director. This applies also to the Board committees, where the composition consists of a minimum of 3 members.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board has delegated the authority and responsibility of formulating appropriate succession planning strategy for senior management levels to the Executive Directors. The appointment of Director and/or key officers (namely the CEO, the Deputy CEO, the COO and/or the chief financial officer) remains to be matter reserved for the Board to decide as a whole.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AUDIT COMMITTEE

For the financial year under review, the Audit Committee is established by the Board and consists of 3 members, all of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee is appointed by the Board and is not the Chairman of the Board.

The composition of the Audit Committee and a summary of its activities are set out in the Audit Committee Report contained in this Annual Report.

2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has adopted a formalised enterprise risk management framework to systematically identify, evaluate and mitigate current and emerging risks that may impede the achievement of our Group's strategic objectives and business strategies. The overall procedures / flows for the risk management are summarised below:

- (a) Define the processes/activities to be assessed;
- (b) Determine the relevant financial parameter to measure the impact of a risk event;
- (c) Identify the risks, together with the root cause and the possible impact/consequence to the Group and the probability of occurrence;
- (d) Identify control procedures that may be effective to manage the risks;
- (e) Risk profiling by summarising all the key risks identified in the risk register, together with the rating on their potential impacts to our Group; and
- (f) Findings are coordinated by the Risk Management Committee and subsequently reported to the Audit Committee and the Board for review and deliberation.

For the financial year under review, the Risk Management Committee comprises the following members:

Name	Designation
Ding PengWan	Chairman
Zhu GuoHe	Member
Ding Peng Peng	Member

The Board takes note of the step-up practice of the MCCG which advocates that the Risk Management Committee members should comprise a majority of independent directors. During the financial year under review, our Risk Management Committee consists of 2 Executive Directors and 1 Independent Non-Executive Director.

For the financial year under review, the Board is also assisted by the Audit Committee (which consists entirely of Independent Non-Executive Directors) in overseeing the effectiveness of the Company's risk management framework and policies. Accordingly, the Board is of the opinion that the deviation from the aforementioned step-up practice does not expose the Group to the threat of material deficiencies in risk management function.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The identified risks are classified into appropriate categories and encompass:

- Internal and external strategic risks
- Financial risks
- Operational risks
- Investor relation risks
- Legal risks

The impacts of principal risks have been measured, and appropriate internal controls identified, to ensure that they are maintained within acceptable and moderate level. Further discussion on the risk management framework and internal control systems adopted by our Group, the principal risks faced by our Group and the processes put in place to monitor and manage the identified principal risks, the internal audit function and the review activities carried out during the financial year under review are set out in the Statement on Risk Management and Internal Control contained in this Annual Report.

3. RELATIONSHIP WITH AUDITORS

Independent external auditor is engaged to express an independent opinion on whether our Group's financial statements give a true and fair view of the Group's financial position and performance to the shareholders. The Board recognises this helps to reassure the shareholders on the reliability of our Group's financial statements.

The Audit Committee had obtained assurance from the Group's external auditors confirming that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The Audit Committee had reviewed the key members of the audit engagement team and none of them are connected to the director / major shareholders of the Group. The Audit Committee had also reviewed the fees paid or payable by the Group to the external auditors and was not aware of undue financial dependency.

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

1. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of an effective communication channel between the Board, shareholders, stakeholders and general public and the importance of timely dissemination of information to shareholders, stakeholders and general public and their rights to be updated of our Group's activities and performance to enable them to make informed evaluation and investment decision.

To this end, we have disseminated relevant information and updates on our Group's development from time to time through various medium including the annual report, interim financial reports, circular to the shareholders and other prescribed announcements lodged with Bursa Securities in its website at www.bursamalaysia.com to the extent permissible under the Listing Requirements of Bursa Securities.

The Company has also established a Corporate Website under www.xidelang.com.my for shareholders and the public to access for corporate information.

While the Company strives to provide as much information as possible to its shareholders, stakeholders and general public, the Company upholds strict standards of confidentiality with regard to undisclosed material information under all circumstances and remains mindful of the legal and regulatory framework (particularly the Listing Requirements) governing the dissemination of information to shareholders and the general public.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Company has established a corporate disclosure policy to govern the disclosure of material, non-public information in a manner designed to provide broad, non-exclusionary distribution of information so that the public has equal access to the information; and to prevent the abuse of undisclosed material information.

The Board is committed to providing a balanced, clear and comprehensive assessment of the Group's financial performance, position and prospects in presenting the annual financial statements and quarterly announcements of results to shareholders. The Board, assisted by the Audit Committee, takes due care and reasonable steps to ensure that the financial results are released to the shareholders and the general public on timely manner and the financial statements are presented with accuracy and adequacy and comply with all relevant regulatory reporting requirements and financial reporting standards.

2. CONDUCT OF GENERAL MEETINGS

Our Group views the Company's AGM and SGM as another principal avenue of communication with the shareholders. The AGM and SGM serve as useful platform for the shareholders to engage directly with the Board and the Management.

At every meeting, the Board sets out the progress and performance of our Group since the last meeting held. The Company is looking forward to solicit feedbacks and views from its shareholders and answer shareholders' question on all issues pertaining to the Group at the AGM and SGM.

Notice of the AGM and SGM and related papers are forwarded to shareholders with adequate time before the meeting. Shareholders are invited and encouraged to attend the Company's AGM and SGM and to actively participate in the proceedings by posing questions on the proposed resolutions and to seek clarification on our Group's business and performance. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf.

Poll Voting

The Board takes cognisance of the requirements stipulated under Paragraph 8.29A of the Listing Requirements of Bursa Securities that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, shall be voted by poll. This has been adopted and will continue to be practiced in the Company's upcoming AGM and any subsequent general meeting(s).

The Company will appoint one or more scrutineers, where appropriate, to validate the votes cast at the general meeting. The Company will ensure that the scrutineer(s) appointed is not an officer of the Company or its related corporation, independent of the person undertaking the polling process, and is not interested in the resolution to be passed. The candidate(s) for the scrutineer will be determined from time to time, as and when a general meeting is called.

3. INVESTOR RELATIONS

Ms. Ding PengWan, the Deputy CEO cum COO, is designated by the Board as the primary contact person for investor relations matter. She can be reached via the corporate email at xdl@xidelang.com.cn or private email at dpw6668@163.com.

In addition to that, shareholders and the public may also contact the Company Secretary and/or the Company's Agent in Malaysia, the contact details of which have been set out under the Corporate Information section of this Annual Report, for assistance in conveying their queries and concerns to the Board and/or any individual Director of our Group of their choice. The Board operates in an open environment in which information is freely exchanged among the Board members, with due care exercised to safeguard the confidentiality of the information.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

RESPONSIBILITY STATEMENT BY THE BOARD

In the course of preparing the annual financial statements of the Group and of the Company, the Directors reaffirm that they are collectively responsible for ensuring that these financial statements are drawn up in accordance with the requirements of the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Listing Requirements; and that the financial statements give a true and fair view of the financial position of the Group at the end of the financial year, the financial performance and cash flows of the Group for the financial year ended 30 June 2023.

In preparing the financial statements, the Directors have:

- adopted the Malaysian Financial Reporting Standards and International Financial Reporting Standards;
- applied the appropriate and relevant accounting policies on consistent basis;
- made judgements and estimates that are reasonable and prudent;
- prepared the financial statements on going concern basis; and
- ensured that proper accounting records are kept so as to enable the preparation of the financial statements with reasonable accuracy.

The Directors have also made reasonable steps to safeguard the assets of the Group, and to prevent and detect fraud as well as other irregularities.

CORPORATE GOVERNANCE REPORT

Pursuant to the requirement under Paragraph 15.25(2) of the Listing Requirements, our Group shall submit to Bursa Securities the status of application of each Practice set out in the MCCG during the financial year under review in the prescribed format issued by Bursa Securities. The said corporate governance report shall be announced together with the Annual Report, and can be downloaded from the website of Bursa Securities at www.bursamalaysia.com (Company Announcements Section).