

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5325
COMPANY NAME : Well Chip Group Berhad
FINANCIAL YEAR : December 31, 2024

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors (the "Board") of Well Chip Group Berhad ("Well Chip" or the "Company"), is responsible for the management and oversight of the business and affairs of the Company and its subsidiaries (the "Group") with ultimate objective of realising long term shareholder value and consider interest of other stakeholders.</p> <p>In order to ensure the Board's responsibilities are discharged effectively, the Company have established a governance structure for the Group where specific powers of the Board are delegated to the relevant Board Committees and the Chief Executive Officer ("CEO"). The Board comprised of the following three (3) Committees: -</p> <ul style="list-style-type: none">• Nomination Committee ("NC");• Remuneration Committee ("RC"); and• Audit and Risk Management Committee ("ARMC") <p>The Board is guided by the Board Charter. The roles and responsibilities of the Board are clearly outlined in the Board Charter, summarised by the following: -</p> <p><u>Strategy</u></p> <ul style="list-style-type: none">- Set the values, standards, objectives, and strategic functions of the Group;- Together with the management, promote good corporate governance within the Group which reinforces ethical, prudent, and professional behaviour;- Review, challenge, and decide on the management's proposals for the Group and monitors its implementation by the management; and

	<ul style="list-style-type: none"> - Ensure that the Group's strategic plan supports long-term value creation and included strategies on economic, environmental, and social considerations. <p><u>Risk Management</u></p> <ul style="list-style-type: none"> - Set the risk appetite within which the Board expects the management to operate and ensure that there is a sound risk management framework to identify, analyse, evaluate, manage, and monitor significant financial and non-financial risks faced by the Group; and - Understand the principal risks of the Group's business and recognise that business decisions involve the appropriate risks. <p><u>Compliance</u></p> <ul style="list-style-type: none"> - Review, approve and monitor compliance with corporate policies; - Oversee, review, and monitor the operation of the Group's procedures to ensure compliance with relevant legislation; - Being aware of and where appropriate, review any litigation, actions, transactions, issues, and reports to external/third parties which impact the Group, and which may attract public interest. <p><u>Internal Controls</u></p> <ul style="list-style-type: none"> - Oversee, review, and monitor the operation, adequacy, and effectiveness of the Group's reporting systems and overall framework of internal controls established by the management including operational, accounting, and financial reporting controls. <p>The Board Charter can be accessed on the Company's website at www.wellchip.com.my. The charter will be reviewed periodically to ensure relevance with the needs of Well Chip, and applicable laws and regulations.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board, Mr. Mak Lye Mun, holds an Independent Non-Executive Director ("INED") role, and is primarily responsible for the orderly conduct and functioning of the Board, instilling good corporate governance practices, leadership and ensuring the effectiveness of the Board.</p> <p>The Chairman is primarily responsible for, but not limited to, the following: -</p> <ul style="list-style-type: none">• To lead the Board and ensure its effectiveness of all aspects of its role;• To ensure the efficient organisation and conduct of all Board's function and meetings;• To ensure balance of power and authority, such that no one individual has unfettered powers of decision making;• To facilitate the effective contribution of all Directors at Board meetings;• Lead the Board in establishing and monitoring good corporate governance practices;• To promote constructive and respectful relations between Directors, and between the Board and the Management; and• To ensure effective communication between the Board, management and shareholders. <p>The roles and responsibilities of the Chairman are outlined in the Board Charter, which can be accessed on the Company's website at www.wellchip.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group has a Chief Executive Officer ("CEO"), who also serves as an Executive Director ("ED"). The positions of Chairman and the CEO/ED are held by two different individuals. Our governance structure ensures a clear separation of roles and responsibilities between the Chairman and the CEO/ED to promote a balanced distribution of authority and accountability.</p> <p>The Chairman of the Group is Mr. Mak Lye Mun whose primary responsibilities include leading the Board effectively, ensuring smooth organisation and conduct of meetings, maintaining balanced decision-making authority, encouraging active participation from all Directors, fostering good governance practices, promoting collaboration between the Board and Management, and ensuring clear communication with Key Senior Management ("KSM") and shareholders.</p> <p>The Group's CEO/ED is Ms. Ng Hooi Lang whose primary responsibilities include overseeing the Group's daily operations to ensure smooth and efficient functioning, ensuring business activities are ethical and comply with relevant laws and regulations.</p> <p>The distinct and separate roles and responsibilities of the Chairman and CEO/ED are outlined in the Board Charter, which can be accessed on the Company's website at www.wellchip.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: <p>As this was the first financial year following the Company's successful initial public offering on 23 July 2024, Mr. Mak Lye Mun, the Board Chairman was invited to attend meetings of the ARMC, NC, and RC held in FY2024 to enable all the independent directors to gain an understanding of the business and operations of the Group. This invitation also allows the Board Chairman to gain an insight of the key matters being deliberated by the respective Committee members at the Board Committees.</p> <p>The Board acknowledges this involvement and is satisfied that the Chairman's attendance did not compromise the independence or effectiveness of any of the Committees. All three (3) Committees, which comprise primarily Independent Non-Executive Directors, were assessed to be performing effectively in accordance with their Terms of Reference ("TOR"). The Board considers the Chairman's involvement appropriate, given his experience and ability to contribute objectivity, and affirms that all Independent Directors, including the Chairman, continue to demonstrate independence and act in the best interest of the Company.</p> <p>Nevertheless, the Board remains mindful of the recommendations set out in the Malaysian Code on Corporate Governance ("MCCG").</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.

Timeframe	:	Choose an item.	
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Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretaries are a qualified Chartered Secretary (ICSA) and Fellow Member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and/or authorised by Companies Commission of Malaya through the license secretary. They provide the Board with advice and regular updates on governance practices, board policies and procedures, corporate compliance, and administrative matters.</p> <p>The Company's Secretaries play an important role in good governance by helping the Board and its Committees to function effectively and in accordance with their TOR and best practices.</p> <p>The Company Secretaries play a vital role in supporting the Board on governance and compliance matters. Their responsibilities include organising and attending Board and Committee meetings, recording accurate minutes, and facilitating effective communication. They provide advice on the Board's roles, responsibilities, corporate disclosures, and compliance with regulatory requirements while maintaining statutory records at the Company's registered office.</p> <p>The Company Secretaries also assist the Chairman with meeting preparations, annual Board planning, and strategic matters. They manage general meeting processes, support the induction and training of new directors, and ensure meeting procedures are followed, with conclusions properly documented and signed. Additionally, they keep the Board updated on statutory and regulatory changes relevant to their duties and responsibilities.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 1.6

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

Application	:	Departure	
Explanation on application of the practice	:	<p>The Company recognises the importance of timely preparation and circulation of meeting minutes as part of effective Board and Committee governance. However, for the financial year under review, there were delays in the preparation and dissemination of certain Committee meeting minutes.</p> <p>This was primarily due to the Company Secretary requiring additional time to complete and finalise the minutes. The Board is aware of this shortfall and the management is working closely with the Company Secretary to strengthen internal processes and improve the timeliness of minute preparation and dissemination of minutes in a timely manner going forward.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter, which is available on the Company's website at www.wellchip.com.my serves as a primary reference point on governance matter as well as a guideline for the roles and responsibilities of the Directors and the Board Committees.</p> <p>The Board Charter is developed with a view to promote high standards of corporate governance, ensure all Board members acting on behalf of the Company are aware of their duties and responsibilities and the various legislations and regulations affecting their conduct.</p> <p>Core areas that the Board Charter addresses include the following:</p> <ul style="list-style-type: none"> • Duties and functions of the Board and Board members; • Board composition and balance; • Directors' tenure, nomination, appointment, remuneration; • Obligations of Individual Directors and Independent Directors; • Functions of board committees; • Board governance process and procedures; • Stakeholders' relationship <p>The Board Charter will be periodically reviewed by the Board and updated in accordance with the needs of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Code of Conduct that set out the core values of the Group has been established. The Code of Conduct acts as guidance for the Board to assist in promoting ethical business conduct and behaviour, and to oblige employees to maintain high standards of ethics and integrity in day-to-day business and operations. The Code of Conduct is available on the Company's website via www.wellchip.com.my.</p> <p>In addition to the Code of Conduct, the Group has also implemented a Whistleblowing Policy and Procedures, enabling employees and stakeholders to report any concerns or complaints regarding questionable or suspicious matters as outlined below:</p> <ul style="list-style-type: none">• Fraud;• Corruption, bribery or blackmail;• Criminal offences;• Failure to comply with a legal or regulatory obligation;• Miscarriage of justice;• Misuse of Group's property;• Sexual harassment;• Abuse of power and position;• Acts or commissions which are deemed to be against the interest of the Group, laws, regulations, requirements of statutory bodies or public policies;• Violation and breach of the Group's Code of Conduct and Ethics and Group Policies;• Endangering the health and safety of an individual; and• Concealment of any, or a combination of the above. <p>This initiative promotes good governance and accountability among stakeholders.</p>

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

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Whistleblowing Policy for the Group so as to enable a whistle-blower to report any improper conduct and to provide protection to the whistle-blower against any reprisal as consequence of making such disclosure.</p> <p>The Whistleblowing Policy is applicable to all stakeholders, including employees of the Group (both Independent Non-Executive Directors and Non-Independent Directors) and third parties who have knowledge of or a reasonable belief that an employee of the Company has engaged in, is engaging in, or is preparing to engage in improper conduct.</p> <p>Any improper conduct should be reported immediately in writing, either via email or sealed mail.</p> <p>Currently, whistleblowing reports submitted via email are directed to the Group's Compliance Officer and Chief Financial Officer ("CFO"). Alternatively, reports may be submitted via sealed mail, which can still be addressed to the Chairman of ARMC. The available reporting channels are as follows:</p> <ul style="list-style-type: none">• Email: whistleblowing@wellchip.com.my• Mail: (mark "Strictly Confidential to be opened by the addressee ONLY") Well Chip Group Berhad No. 23-01 & 23-02, Jalan Harmonium 35/3, Taman Desa Tebrau, 81100 Johor Bahru, Johor. <p>Reports received will be reviewed by the Compliance Officer and CFO, who will assess and determine the appropriate course of action. The Company is committed to handling all whistleblowing matters with strict confidentiality and due diligence.</p> <p>Detailed procedures on the reporting of improper conduct have been set out in the Whistleblowing Policy that has been published on the Company's website at www.wellchip.com.my.</p>

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

Intended Outcome

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

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>Under the Board Charter, one of the key responsibilities of the Board is to collectively oversee the Group's business operations with the aim of enhancing long-term shareholder value and investor interests, while also taking into account the interests of other stakeholders. The Board is committed to maintaining high standards of transparency, accountability, and integrity. To support this commitment, sustainability considerations have been integrated into the agendas of the Group's meetings.</p> <p>Sustainability related activities undertaken and targets set out by the Group has been disclosed in the Sustainability Statement of the Company's Annual Report for the financial year ended 31 December 2024.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is committed to embedding sustainability into the Group's business strategy, encompassing key considerations such as employee well-being, economic growth, environmental stewardship, and social responsibility.</p> <p>To achieve sustainable, long-term value creation, the Chief Executive Officer plays a pivotal role in shaping the strategic direction and advancing sustainability objectives of the Group. She provides leadership to the Management team, which is responsible for identifying critical sustainability matters, implementing relevant strategies and initiatives, and monitoring the Group's sustainability performance.</p> <p>A comprehensive overview of the Group's stakeholder engagement groups, priorities, sustainability aspirations, and performance is provided in the Sustainability Statement which is included in the Company's Annual Report for the financial year ended 31 December 2024.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is committed to embedding sustainability into the Group's business strategy, focusing on key areas such as employee well-being, economic growth, environmental stewardship, and social responsibility, to drive sustainable, long-term value creation.</p> <p>The Executive Directors play a pivotal role in steering the Group's strategic direction and advancing initiatives to achieve its sustainability objectives. They provide leadership to the Management team, which is tasked with identifying key sustainability priorities, implementing strategies and initiatives, and monitoring the Group's performance in this area.</p> <p>Recognising the importance of staying abreast of best practices in sustainability, the Board considers engaging external consultants to provide training for its members and KSM, further strengthening the Group's sustainability efforts.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Departure	
Explanation on application of the practice	:	For FY2024, the Board, through its NC, conducted the performance evaluation of the Board and KSM. However, the evaluation did not include a specific review of the Board and KSM's performance in addressing the Company's material sustainability risks and opportunities.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The appointment of a new director is subject to the Board's consideration and decision, based on recommendations by the NC. When nominating candidates for directorship, the NC evaluates the overall composition of the Board, taking into account diversity in skills, experience, age, gender, cultural background, competence, and the time commitment of candidates, fit and proper criteria, including those retiring and seeking re-election.</p> <p>The Board, through the NC, conducts an annual review and consider the tenure of each director and the NC should be satisfied with the evaluation of the Director's performance and contribution to the Board.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board comprise of eight (8) members, of whom four (4) are Independent Non-Executive Directors and four (4) are Non-Independent Directors of which two (2) are Executive Directors. The Board composition also complies with the Listing Requirements of Bursa Malaysia that requires a minimum of one-third (1/3) of the Board to be Independent Directors.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board Charter provides that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years and if continued on the Board as Independent Director, the Board should justify and seek shareholders’ approval via two-tier voting process at the annual general meeting, or the said director will be re-designated as a Non-Independent Directors.</p> <p>An Independent Director serving a cumulative of 12th year must resign from the Board or be re-designated as Non-Independent Director.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
Application	: Not Adopted
Explanation on adoption of the practice	: Please provide an explanation on the adoption.

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The current Board consists of Directors from diverse background and specialisation, collectively bring with them a wide range of experience and expertise in areas such as financial and accounting, legal practice, human resource which could provide the Group with considerable experience in a wide range of activities.</p> <p>The NC plays an important role in monitoring board effectiveness. The responsibilities of NC are as follows:</p> <ul style="list-style-type: none">• Reviewed the evaluation forms on the performance of the Board, Individual Directors, Board Committees, Chief Executive Officer, and Chief Financial Officer based on relevant TOR and Board policies;• Reviewed the composition of the Board based on the required mix of skills, experience and other qualities;• Reviewed the composition of the Board Committees based on their compliances with the provisions of the regulations;• Assessed the independence of the Independent Non-Executive Directors;• Reviewed the evaluation forms and ratings for the directors' assessment;• Assessed the overall Board and its Committees' performance and effectiveness;• Evaluated the directors to ensure they satisfied the fit and proper criteria; and• Presented the outcome of the annual assessment and evaluation for directors during a Board meeting. <p>On annual basis, the NC review and assess the composition of the Board in terms of diversity of skills, experience, time commitment and fit and proper criteria for directors standing for re-election.</p> <p>The Directors will notify the Company Secretary and the Board members in the event the Director is appointed in other listed company</p>

	or its subsidiaries to ensure the respective Director is able to devote sufficient time to serve the Board effectively.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied	
Explanation on application of the practice	:	The policies and procedures for the appointment of Directors are detailed in the Board Charter and the TOR of the NC. The NC is responsible for identifying the candidates to the Board to fill the vacancy arising from resignation, retirement, or any other reasons, and if there is a need to appoint additional directors with the required skill or expertise. In identifying the suitable candidates, the Board is not limited to recommendation by the Board members, Management, or major shareholders. The Board may utilise a variety of independent sources to identify suitably qualified candidates and will conduct Board appointment processes in a manner as recommended by the Malaysian Code on Corporate Governance. The appointment of a new Director is a decision reserved for the Board, based on recommendations from the NC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>Details regarding the appointment or reappointment of a director are provided in the notes accompanying the general meeting notice, enabling shareholders to make informed decisions about these appointments. The profile of directors standing for re-election are disclosed in the Directors Profile section in the Annual Report.</p> <p>Information on securities holdings in the Company standing for re-election are set out in the Annual Report of the Company.</p> <p>On 23 August 2023, the Board approved a Fit and Proper Policy to guide the Nominating Committee and the Board in reviewing and assessing candidates for appointment and directors seeking for re-election. The policy ensures that individuals considered for appointment or re-election as directors possess the requisite qualities, including integrity, competence, commitment, and character. The Fit and Proper Policy is available on the Company's website at www.wellchip.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	All members of the NC are Independent Non-Executive Directors and chaired by Ms. Wong Chin Chin.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	Although the Company has not established a formal gender diversity policy for the Board, it actively promotes gender diversity, as evidenced by the presence of four (4) women Directors, who represent 50% of the Board's composition. Their inclusion aims to enhance diversity in the Board's deliberations and decision-making processes while encouraging greater participation of women on the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Although the Company currently does not have a gender diversity policy for the Board and KSM, the Board actively practices gender diversity at both levels, with women representing 50% of the Board and 80% of KSM.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	For FY2024, the Board composition comprises of 50% of women Directors.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Board, through the NC, conducts an annual review and assessment of the effectiveness of the Board, Board Committees, and each Director individually. This assessment focuses mainly on the performance of Individual Directors, attendance, competencies and skills, participation, and their contribution of the Directors to the Board Committees meetings and the Company.</p> <p>The evaluation form is accessible to the Board and its Committees through the designated assessment tools and approaches for board evaluation. All assessments and evaluations conducted by the NC in fulfilling its responsibilities, along with the rating used for these assessments, are thoroughly documented.</p> <p>The NC also performs fit and proper assessments for candidates proposed for appointment and for directors standing for re-election.</p> <p>During FY2024, the NC reviewed the annual performance evaluation of the directors. The overall performance and effectiveness of the Board and its Committees were assessed, and the Chairperson of the NC presented the outcome of the annual performance evaluation for directors during a NC meeting.</p> <p>As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and Individual Directors, the NC considers the balance of skills, experience, expertise, independence, and the diversity representation on the Board.</p>
Explanation for departure	:

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

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The remuneration policy outlines principles and guidelines for compensating Directors and KSM. It aims to offer fair remuneration packages to attract and retain right talent, enabling them to pursue the long-term objectives and ensure the Group's business sustainability.</p> <p>Non-Executive Directors receive fixed annual fees and meeting allowances. The RC recommends the directors' fee payable to the Board and are deliberated at the Board before being presented at the AGM for shareholders' approval. In recognition of the additional time and commitment required, the Chairman of the respective Board Committees also receives an annual fixed fee for their chairmanship. Individual Directors are not permitted to participate in the discussion and decision of their own remuneration.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established a RC which is authorised by the Board to implement policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of the Board and Committee and KSM.</p> <p>Currently, the RC comprises exclusively Independent Non-Executive Directors to foster objectivity in the deliberations and decision making of the RC.</p> <p>Directors who are the shareholders shall abstain from voting at general meetings on the resolution to approve their fees.</p> <p>The TOR of the RC is available on the Company's website via www.wellchip.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	In adherence to best practices in corporate governance, the remuneration of the Directors for FY2024, as of 31 December 2024, is disclosed on an individual named basis, as outlined below:

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Mak Lye Mun	Independent Director	135	4	-	-	-	-	139	135	4	-	-	-	-	139
2	Yeah Hiang Nam	Non-Executive Non-Independent Director	35	4	-	-	-	-	39	35	4	-	-	-	-	39
3	Yeah Chia Kai	Non-Executive Non-Independent Director	35	4	-	-	-	-	39	35	4	-	-	-	-	39
4	Ng Hooi Lang	Executive Director	-	-	-	-	-	-	-	9	3.427	288	55.836	-	42.874	399.137
5	Tang Soo Yen	Executive Director	-	-	-	-	-	-	-	4.5	3.427	264	51.597	-	38.136	361.660
6	Dr. Yap Lang Ling	Independent Director	80	8.5	-	-	-	-	88.5	80	8.5	-	-	-	-	88.5
7	Chan Kam Chiew	Independent Director	90	8.5	-	-	-	-	98.5	90	8.5	-	-	-	-	98.5
8	Wong Chin Chin	Independent Director	80	8.5	-	-	-	-	88.5	80	8.5	-	-	-	-	88.5
9	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Intended Outcome

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

Practice 8.2

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

Application	:	Departure									
Explanation on application of the practice	:										
Explanation for departure	:	<p>Remuneration of the Group's top five (5) KSM for FY2024 are disclosed in bands of RM50,000 as follows:</p> <table border="1"><thead><tr><th>Number of Top Key Senior Management</th><th>Remuneration Band Per Annum (RM)</th></tr></thead><tbody><tr><td>3</td><td>350,001 – 400,000</td></tr><tr><td>1</td><td>250,001 – 300,000</td></tr><tr><td>1*</td><td>< 50,000</td></tr></tbody></table> <p>*From date of service as employed during the year.</p> <p>The Board believes that the disclosure of the top five (5) KSM's remuneration in bands of RM50,000 will not materially and adversely affect the stakeholders' evaluation of the Group's adherence to good corporate governance practices.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>		Number of Top Key Senior Management	Remuneration Band Per Annum (RM)	3	350,001 – 400,000	1	250,001 – 300,000	1*	< 50,000
Number of Top Key Senior Management	Remuneration Band Per Annum (RM)										
3	350,001 – 400,000										
1	250,001 – 300,000										
1*	< 50,000										
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>											
Measure	:	Not Applicable									
Timeframe	:	Choose an item.									

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the ARMC is not the Chairman of the Board:</p> <ul style="list-style-type: none">• The Chairman of the Board of Directors’ is Mr. Mak Lye Mun, an Independent Non-Executive Chairman; and• The Chairman of ARMC is Mr. Chan Kam Chiew, an Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	It is a term in the ARMC's TOR that a former key audit partner is to observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board, through ARMC, maintains a formal and transparent relationship with the External Auditors. The Board has entrusted the ARMC with the responsibility of recommending the appointment, re-appointment, or removal of the External Auditors, as well as determining their remuneration.</p> <p>The ARMC ensured that the External Auditors collaborated closely with the Internal Auditors to improve the overall effectiveness of the audit process. The ARMC conducted an annual assessment of the External Auditors, evaluating factors such as their qualifications, the efficiency of the audit process, the quality of their service, and their independence.</p> <p>During the financial year, the ARMC meets with the External Auditors at least once without the presence of Executive Board members, management, or employees. This allows the External Auditors to raise any significant issues related to the audit directly with the ARMC.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted																
Explanation on adoption of the practice	:	<p>The TOR of the ARMC states that the membership of ARMC shall consist of not less than three (3) members, the majority of whom shall be Non-Executive Directors. The Chairman of the Committee shall be an Independent Non-Executive Director.</p> <p>The composition of the ARMC is as follows:</p> <table><tr><th>No</th><th>Name</th><th>Designation</th><th>Directorship</th></tr><tr><td>1.</td><td>Chan Kam Chiew</td><td>Chairman</td><td>Independent Non-Executive Director</td></tr><tr><td>2.</td><td>Dr. Yap Lang Ling</td><td>Member</td><td>Independent Non-Executive Director</td></tr><tr><td>3.</td><td>Wong Chin Chin</td><td>Member</td><td>Independent Non-Executive Director</td></tr></table>	No	Name	Designation	Directorship	1.	Chan Kam Chiew	Chairman	Independent Non-Executive Director	2.	Dr. Yap Lang Ling	Member	Independent Non-Executive Director	3.	Wong Chin Chin	Member	Independent Non-Executive Director
No	Name	Designation	Directorship															
1.	Chan Kam Chiew	Chairman	Independent Non-Executive Director															
2.	Dr. Yap Lang Ling	Member	Independent Non-Executive Director															
3.	Wong Chin Chin	Member	Independent Non-Executive Director															

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied	
Explanation on application of the practice	:	All members of the ARMC are financially literate and are able to understand matters under the preview of the ARMC including the financial reporting process. Mr. Chan Kam Chiew is a member of the Malaysian Institute of Accountants (“MIA”) with extensive experience in financial reporting. Details of trainings attended by the ARMC members are included under the Directors Training section of the FY2024 Annual Report.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied	
Explanation on application of the practice	:	The Board has established an effective risk management and internal control framework within the Group. Details of the framework are outlined in the Company’s Statement on Risk Management and Internal Control as provided in the Annual Report for FY2024.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	Features of the risk management and internal control framework, including their adequacy and effectiveness, are disclosed under the Statement on Risk Management and Internal Control in the Annual Report for FY2024.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted																
Explanation on adoption of the practice	:	<p>The ARMC has been formed to support the Board in fulfilling its fiduciary duties regarding risk management and internal controls. The Board has defined the ARMC's TOR, specifying that the committee must consist of at least three (3) directors, none of whom are Executive Directors, with a majority being Independent Non-Executive Directors.</p> <p>The current composition of the ARMC is as follows:</p> <table><tr><th>No</th><th>Name</th><th>Designation</th><th>Directorship</th></tr><tr><td>1.</td><td>Chan Kam Chiew</td><td>Chairman</td><td>Independent Non-Executive Director</td></tr><tr><td>2.</td><td>Dr. Yap Lang Ling</td><td>Member</td><td>Independent Non-Executive Director</td></tr><tr><td>3.</td><td>Wong Chin Chin</td><td>Member</td><td>Independent Non-Executive Director</td></tr></table>	No	Name	Designation	Directorship	1.	Chan Kam Chiew	Chairman	Independent Non-Executive Director	2.	Dr. Yap Lang Ling	Member	Independent Non-Executive Director	3.	Wong Chin Chin	Member	Independent Non-Executive Director
No	Name	Designation	Directorship															
1.	Chan Kam Chiew	Chairman	Independent Non-Executive Director															
2.	Dr. Yap Lang Ling	Member	Independent Non-Executive Director															
3.	Wong Chin Chin	Member	Independent Non-Executive Director															

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that an independent and well-resourced internal audit function is crucial for providing the assurance needed on the effectiveness of the internal control system. The primary role of the internal audit function is to assess the system's effectiveness, carrying out its duties with objectivity, expertise, and professional diligence.</p> <p>Given the nature and scale of our assets and operations, the internal audit function is supported by an independent professional firm, BDO Governance Advisory Sdn. Bhd. This firm provides the ARMC with assurance regarding the adequacy and integrity of the internal control system, aiding the ARMC in fulfilling its duties and responsibilities. This external independent service provider reports directly to the ARMC.</p> <p>The internal auditors independently assess the adequacy, efficiency, and effectiveness of the Group's internal control system. Before commencing their audit, the internal auditors' audit plan, including its nature and scope, is reviewed and approved by the ARMC in alignment with the Group's needs.</p> <p>For FY2024, the Board engaged BDO Governance Advisory Sdn. Bhd. to conduct an enterprise risk management assessment, which was carried out in accordance with established principles and guidelines of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Enterprise Risk Management (ERM) Framework. The findings from this assessment were used to develop a two-year risk-based internal audit plan, focusing on key auditable areas aligned with the identified key risks.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
------------------	---	--	--

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company outsources its internal audit function to an external independent professional consulting firm, BDO Governance Advisory Sdn. Bhd., to assist the ARMC in undertaking regular reviews of the key risk areas and business processes of the Group. The Enterprise Risk Management (ERM) assessment was conducted based on the principles and guidelines of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) ERM Framework. The objective is to assess the adequacy and effectiveness of the Group's system of internal control, as well as to enhance its efficacy and coverage where appropriate. The internal audit function is free from any relationships or conflicts of interest that could impair its objectivity and independence.</p> <p>Internal control activities are carried out in line with the internal audit plan approved by the ARMC during the financial year, which includes audit reviews of the Anti-Bribery and Anti-Corruption Management system. The results of the reviews were reported directly to the ARMC. Internal audit findings and recommendations for improvements were communicated to Management for corrective actions to be taken, as appropriate. Follow-up reviews on the implementation of action plans were conducted to ensure that any deficiencies identified have subsequently been addressed.</p> <p>Based on the internal audit reviews conducted, there were no major internal control weaknesses that resulted in any material losses, contingencies, or uncertainties that would require separate disclosure in this Annual Report.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of delivering accurate and timely information to shareholders. To meet this commitment, the Company announces its quarterly financial results within the timeframe mandated by Bursa Malaysia's Listing Requirements, providing a balanced and comprehensive evaluation of its performance.</p> <p>The Company's Annual Report, which includes the financial statements for the year, also provides additional key information and disclosures to help shareholders and investors gain a deeper understanding of the Group's operations and performance. When presenting the annual financial statements and quarterly financial results, the Board ensures a fair and balanced representation of the Group's financial position and prospects. These results are promptly released to Bursa Malaysia within the required deadlines, and the financial statements adhere to regulatory reporting standards. Both the quarterly results and Annual Report are accessible on Bursa Malaysia's platform and the Company's website.</p> <p>To support these efforts, the Board is assisted by the ARMC. Additionally, the Company maintains a dedicated website that offers shareholders and the general public access to various resources, including corporate details, financial updates, announcements, and investor relations information.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	The Annual General Meeting (AGM) serves as the primary platform for dialogue with shareholders. Notice of the AGM is provided at least twenty-eight (28) days in advance. Shareholders are encouraged to attend and actively participate in the meeting. In addition to addressing the standard agenda, shareholders have the opportunity to seek clarifications on matters related to the Group's operations and performance. Directors and representatives of the external auditors are present to address any questions raised by shareholders.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company held its first Annual General Meeting (AGM) prior to being listed on the Main Market of Bursa Malaysia. The upcoming AGM, scheduled for 23 June 2025, will be the Company's second AGM and the first since its listing on the Main Market. This AGM represents a vital opportunity to engage with shareholders and uphold transparency in the Company's governance practices.</p> <p>Barring any unforeseen circumstances, all Directors are expected to attend and actively participate in the forthcoming AGM. They are prepared to engage with shareholders, address queries, and provide valuable insights into the Group's operations and business activities.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board chose to hold a physical AGM to facilitate better engagement with shareholders, enabling more effective two-way communication during the meeting. Sufficient notice of the meeting was provided to all shareholders, and those unable to attend were given the option to appoint a proxy to attend, participate, speak, and vote on their behalf.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	<p>The AGM serves as a platform for interaction between the Board, KSM, and the Company's shareholders. The Board ensures that shareholders and proxyholders are provided with the opportunity to actively participate in the AGM.</p> <p>A dedicated question-and-answer (Q&A) session is held during the AGM, allowing shareholders to ask questions regarding the Company's financial performance, future outlook, strategies, and the resolutions presented. Adequate time is allocated for Board members to address the questions raised by shareholders and proxyholders during the meeting.</p>
Explanation for departure	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.5

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

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

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

Intended Outcome

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

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	The Company will ensure that the Minutes of the AGM are published on Company's website at www.wellchip.com.my within 30 business days following the meeting.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

BOARD OF DIRECTORS

Board Composition

The Board currently comprises the following eight (8) members: -

Name	Designation
Mak Lye Mun	Independent Non-Executive Chairman
Yeah Hiang Nam	Non-Independent Non-Executive Director
Yeah Chia Kai	Non-Independent Non-Executive Director
Ng Hooi Lang	Executive Director and Chief Executive Officer
Tang Soo Yen	Executive Director and Director of Retail and Merchandising
Dr. Yap Lang Ling	Independent Non-Executive Director
Chan Kam Chiew	Independent Non-Executive Director
Wong Chin Chin	Independent Non-Executive Director

The key personal details and backgrounds of each existing Director are provided in the Company's Annual Report. Additionally, the Directors' direct and deemed interests in Well Chip shares are also disclosed in the Annual Report.

Role and Responsibilities of Board

The role and responsibilities of the Board are as disclosed under Section A, Practice 1.1 of this Corporate Governance Report.

Number of Meetings Convened by the Board and Attendance of Each Director

The Directors' record of attendance at Board meetings held in the financial year ended 31 December 2024 is as reflected below: -

Name of Directors	Number of Board Meetings Attended/Held
Mak Lye Mun (Independent Non-Executive Chairman)	6/6
Yeah Hiang Nam (Non-Independent Non-Executive Director)	6/6
Yeah Chia Kai (Non-Independent Non-Executive Director)	6/6
Ng Hooi Lang (Executive Director and Chief Executive Officer)	6/6
Tang Soo Yen (Executive Director and Director of Retail and Merchandising)	6/6
Dr. Yap Lang Ling (Independent Non-Executive Director)	6/6
Chan Kam Chiew (Independent Non-Executive Director)	6/6

Directors' Training

The Board recognises the significance of ongoing training for Directors to stay informed about industry developments and to continually enhance their skills and knowledge, enabling them to effectively fulfil their roles and responsibilities. While Directors are encouraged to pursue personal development to improve their capabilities, the Board ensures that they receive the necessary training to support them in discharging their responsibilities effectively.

All Directors have completed the Mandatory Accreditation programme (MAP) Part 1 as required by Main Market Listing Requirements ("MMLR"). The details are disclosed in Directors' Training section in the Annual Report.

In addition, the Directors had also kept up-to-date with market developments and related issues through Board discussion at meetings with the Chief Executive Officer, Executive Directors, Chief Financial Officer and other KSM.

Board Committees

The Board has established the following Board Committees to support the Board in carrying out its functions: -

- Nomination Committee ("NC")
- Remuneration Committee ("RC")
- Audit and Risk Management Committee ("ARMC")

The roles and responsibilities of Board Committee as well as authority delegated by the Board to these Committees, are reviewed from time to time to ensure that they remain relevant and are up-to-date.

Nomination and Remuneration Committee ("NRC")

NC Members:

- (i) Wong Chin Chin (Chairperson) - Independent Non-Executive Director
- (ii) Chan Kam Chiew - Independent Non-Executive Director
- (iii) Dr. Yap Lang Ling - Independent Non-Executive Director

RC Members:

- (i) Dr. Yap Lang Ling (Chairperson) - Independent Non-Executive Director
- (ii) Chan Kam Chiew - Independent Non-Executive Director
- (iii) Wong Chin Chin - Independent Non-Executive Director

The NRC was established by the Board to implement its policies and procedures in respect of Board composition, appointment of Directors and Board evaluation as well as to review and recommend matters relating to the remuneration of the Board and the Key Senior Management ("KSM") of the Group.

The responsibilities of the NRC are set out in its TOR which is published on the Company's website at www.wellchip.com.my.