

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) recognises the importance of adopting sound corporate governance practices and is committed to apply the Principles, Practices and Guidance set out in the Malaysian Code on Corporate Governance (“MCCG”) throughout the Company and its subsidiaries (“Group”), as appropriate. By upholding high standards of corporate governance, the Board is provided with the impetus to continuously enhance shareholders’ value and safeguard stakeholders’ interests with a view to create sustainable business in the long term.

This Corporate Governance Overview Statement (“Statement”) is prepared pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) with guidance drawn from Practice Note 9 of the MMLR, providing an overview of the application of the following three (3) key principles of MCCG:

- a) Principle A: Board Leadership and Effectiveness;
- b) Principle B: Effective Audit and Risk Management; and
- c) Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This Statement is to be read in tandem with Corporate Governance Report (“CG Report”) of the Company which is available on the Group’s website at www.kotrapharma.com as well as via an announcement on Bursa Securities’ website.

Save as disclosed below, the Group has applied the Practices prescribed in the MCCG:

- Practice 1.4 : The Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee;
- Practice 4.4 : Evaluation of the Board and Senior Management in addressing the Group’s material sustainability risks and opportunities;
- Practice 5.2 : At least half of the Board comprises Independent Directors;
- Practice 5.9 : The Board comprises at least 30% women Directors; and
- Practice 8.2 : Disclosure on a named basis the top five (5) Senior Management’s remuneration components, including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

The CG Report provides further details of how the Practices of the MCCG were applied, including explanation on any departures and alternative practices adopted by the Company to achieve the Intended Outcome of the departed Practices.

PRINCIPLE A: BOARD LEADERSHIP AND RESPONSIBILITIES

PART I - BOARD RESPONSIBILITIES

1.0 Board’s Leadership

The Board is dedicated in leading and directing the Group towards achieving its strategic goals whilst upholding the Group’s core values in tandem with their fiduciary duties and responsibilities. The Board has overall responsibilities of overseeing the Group’s conduct of business, promoting good corporate governance culture, ensuring effective shareholder communications, reviewing the adequacy and integrity of the Group’s internal control system and risk management processes.

The Board is guided by its Board Charter which outlines the roles, responsibilities, duties and functions for an effective stewardship by the Board. To enhance governance controls, the Board has set out in the Board Charter, a formal schedule of matters specifically reserved to it for decision.

The Board has established three (3) Board Committees, namely, the Audit Committee (“AC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”) with specific responsibilities delegated to them. The Board Committees assist the Board in deliberating the matters within their respective Terms of Reference and make the necessary recommendations to the Board for approval or notation, as the case may be. While the Board Committees have their own functions and delegated roles, the ultimate responsibility and decisions on all matters lie with the Board.

The Board Charter and the Terms of Reference of the Board Committees are available on the Group’s website at www.kotrapharma.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I - BOARD RESPONSIBILITIES (CONT'D)

1.0 Board's Leadership (Cont'd)

Chairman and Managing Director

The roles of the Chairman and Managing Director are separately held by different individuals and their responsibilities are demarcated, with each having distinct and clearly defined authority and responsibilities. This is to enable a balance of power and authority, such that no individual has unfettered powers of decision.

The Board is helmed by Datuk Jamaludin bin Nasir who was appointed as the Independent Non-Executive Chairman. The Chairman is primarily responsible for instilling sound governance practices, ensuring the Board's effectiveness and leading the Board in its collective oversight of Management. The Managing Director of the Group, Mr. Piong Teck Onn, plays a pivotal role in managing overall day-to-day affairs of the Group's business, operations and implementation of Board-approved strategies, policies and decisions. His role is aided by his fellow Executive Director and the support of a Senior Management team, who collectively contribute to the relevant field of speciality and smooth functioning of the Group.

The majority of Board members are Non-Executive Directors, comprising qualified individuals with diverse professional backgrounds, skills, calibre and extensive experiences. The Board recognises the crucial role and contribution of Independent Non-Executive Directors, who provide the element of objectivity and independent judgement on the Board. This enables a sufficient check and balance so that no one or particular group dominates the Board and the decision-making process.

Company Secretary

The Board is supported by two (2) qualified and experienced Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). They play administrative and advisory roles to the Board and are responsible to ensure all Board procedures and Board management matters are in line and in compliance with MMLR, MCGG, Companies Act 2016 and other relevant laws and regulations.

At each Board and Board Committee meeting, a Company Secretary or her assistant would be present to provide support, ensuring that meetings are duly convened with meeting procedures adhered to. Records of the proceedings and resolutions passed are documented and maintained at the registered office of the Company.

Access to Information and Advice

An annual calendar with all the Board and Board Committee meetings schedule is prepared in advance by the Company Secretaries to facilitate the Board's planning for the year. The Board meets on a quarterly basis, with additional meetings convened when necessary.

Notice of each meeting confirming the venue, time, date and a structured agenda, together with the Board and Board Committee papers, are disseminated electronically at least seven (7) days prior to the meeting. This provides Directors with access to reading materials in a timely manner for effective discussions and decision-making during meetings. The salient matters discussed at Board meetings in arriving at decisions and conclusions are recorded by way of minutes of meetings by the Company Secretary.

Directors have full and unrestricted access to all information within the Group, as well as the advice and services of the Company Secretaries. Additionally, they may seek independent professional advice, at the cost of the Company on specific issues to make independent and informed decisions.

2.0 Demarcation of Responsibilities

The Board had formalised and adopted the Board Charter which sets out the roles, responsibilities, duties and functions of the Board, Board Committees and individual Directors as well as a schedule of matters reserved for the Board's decision.

The Board Charter is subject to review by the Board at least once in every two (2) years or more frequently when the need arises and in tandem with any changes to the MCGG, MMLR or other rules and regulations impacting Directors' responsibilities. The Board Charter was last updated on 26 May 2023 and is available on the Group's website at www.kotrpharma.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I - BOARD RESPONSIBILITIES (CONT'D)

3.0 Promoting Good Business Conduct and Corporate Culture

Code of Conduct and Ethics

The Group has a Code of Conduct and Ethics, setting out the standards of ethics and good conduct expected from our employees and Directors to ensure that they act with integrity, comply with legal and regulatory requirements and uphold ethical standards in the Group. The Board is also required to comply with the Directors' Code of Ethics and Conduct, which has been included in the Board Charter.

Whistleblowing Policy and Procedures

The Company has in place the Whistleblowing Policy and Procedures ("Whistleblowing Policy"), aimed at engendering integrity, transparency, impartiality and accountability where the Group conducts its business operations. The Whistleblowing Policy provides a structured reporting channel and guidance to all employees, public and external parties to report on any actual or suspected misconduct in good faith, without the fear of retaliation or reprisal.

Anti-Bribery and Corruption Policy

The Board has also established its Anti-Bribery and Corruption ("ABC") Policy in accordance with Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 which provides structured guidelines, procedures and mitigating controls to prevent bribery and corrupt practices. The Group has a zero tolerance stance towards all forms of bribery, corruption or similar unethical acts. This ABC Policy is crucial for maintaining ethical standards, ensuring compliance with legal requirements and protecting the Group's reputation.

Directors' Fit and Proper Policy

The Board has adopted the Directors' Fit and Proper Policy ("Policy") in compliance with Paragraph 15.01A of the MMLR. This Policy enumerates the fit and proper criteria and serves as a mandatory guide for the appointment of prospective Directors and re-election of retiring Directors on the Board of the Company and its subsidiaries.

The Code, Whistleblowing Policy, ABC Policy and Directors' Fit and Proper Policy are available on the Group's website at www.kotrapharma.com.

4.0 Sustainability Governance

The Board is responsible for overseeing the Group's sustainability efforts, encompassing environmental, social and governance ("ESG") aspects. This responsibility includes setting the strategic direction and ensuring that sustainability considerations are integrated into overall business practices of the Group. The Group Managing Director, supported by Heads of Departments and Managers, is tasked with implementing and integrating sustainability strategies into the day-to-day operations of the Group.

The Group engages with stakeholders through various communication methods to enhance understanding of the Group's operations and gather feedback on relevant issues which are considered when strategies are developed. Details about key stakeholders, engagement channels and their areas of interest/concern for the financial year ended 30 June 2024 are disclosed in the Sustainability Statement of this Annual Report.

The Board recognises the importance of staying updated with evolving business environment, including sustainability issues that are relevant to the Group's strategies and operations. The Board, assisted by the NC, assesses the training programmes attended by Directors annually to ensure they are aware of the latest developments and emerging sustainability issues. The list of training programmes attended by each Director are disclosed in this Statement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II - BOARD COMPOSITION

5.0 Composition and Independence of the Board

The Board currently comprises six (6) members, of whom are two (2) Executive Directors, two (2) Independent Directors and two (2) Non-Independent Non-Executive Directors. The composition of the Board aligns with Paragraph 15.02 of the MMLR, which requires at least two (2) Directors or one-third (1/3) of Board members, whichever is higher, to be Independent Non-Executive Directors. The profile of each Director is set out in the Directors' Profile section of this Annual Report. Although the Board does not apply Practice 5.2 of the MCGG which prescribes that at least half of the Board should comprise Independent Non-Executive Directors, the Board believes that the existing number and composition are sufficient and reflect an adequately balanced group of experienced and dynamic individuals, appropriate in size, vis-à-vis the Group's nature and volume of business, to provide for a diversity of views and the effective functioning of the Board.

The Independent Non-Executive Directors are independent of Management, with no business, family or other relationships that could impair their objectivity and impartiality in the Board. The presence of Independent Non-Executive Directors in the Board is crucial to provide unbiased views and judgement to the Board's deliberation and decision-making as well as in safeguarding the interest of minority shareholders. Furthermore, the Independent Non-Executive Directors are supported by Non-Independent Non-Executive Directors, enabling the Board to constitute a majority of Non-Executive Directors.

The Board has adopted a policy at limiting the tenure of Independent Non-Executive Directors to a cumulative term of nine (9) years without any extension, in line with Step-Up Practice 5.4 of the MCGG.

Appointment of Directors and Senior Management, including Gender Diversity

The Board has formal and transparent procedures in place for the appointment of new Directors. The NC is entrusted to identify, assess and nominate suitable candidates to the Board for consideration on the appointment of Director. The NC conducts the fit and proper assessment of shortlisted candidates prior to recommending or otherwise to the Board for consideration. In evaluating potential candidates for directorship, the NC considers various criteria, including skills, knowledge, expertise and experience, as well as factors such as time commitment, professionalism, integrity and the ability of the candidate to discharge the duties as expected, especially for candidates to be considered as Independent Non-Executive Directors.

The selection and appointment of candidates for Senior Management positions lies with the Group Managing Director. The selection process is guided by established criteria that include leadership qualities, relevant experiences, skills, competencies and capabilities. These criteria ensure that candidates are well-suited to drive the Group's objectives and strategies.

The Board is dedicated towards providing fair and equal opportunities to all and does not support any form of discrimination based on ethnicity, cultural background, age or gender. The appointments of Board members and Senior Management are premised on merit in the context of diversity in skills, experiences, knowledge and other factors which is in the best interests of the Group. As such, the Group's Board Diversity Policy, approved by the Board, does not provide any quantitative targets on gender composition, both at the Board and Senior Management levels. This Board Diversity Policy is available on the Group's website at www.kotrapharma.com.

Appointment and Re-election of Directors

In accordance with the Company's Constitution, all Directors shall retire from office at least once in every three (3) years and are subject to re-election at the Company's Annual General Meeting ("AGM"). For the financial year ended 30 June 2024, the NC met to deliberate and assess the retiring Directors and their eligibility for re-election at the forthcoming AGM. For the purpose of the assessment, the retiring Directors had submitted their fit and proper declarations in prescribed forms, approved by the Board.

Upon assessing such declarations by the Directors concerned, the NC and Board were satisfied and have recommended the re-election of retiring Directors to be tabled for shareholders' approval. A statement by the Board and NC being satisfied with the performance and effectiveness of the retiring Directors who offered themselves for re-election at the forthcoming AGM is set out in the explanatory notes of the Notice of AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II - BOARD COMPOSITION (CONT'D)

5.0 Composition and Independence of the Board (Cont'd)

The Nomination Committee

The NC comprises exclusively Non-Executive Directors, with a majority being Independent Non-Executive Directors. The NC is entrusted by the Board for identifying and recommending suitable candidates to the Board and for conducting the annual evaluation of the performance of the Board, Board Committees and individual Directors.

The members of the NC are as follows:

- Datuk Jamaludin bin Nasir – *Chairman, Independent Non-Executive Director*
- Lee Min On – *Member, Independent Non-Executive Director*
- Piong Chee Kien – *Member, Non-Independent Non-Executive Director*

The NC has undertaken the following activities for the financial year ended 30 June 2024:

- Assessed the performance and effectiveness of the Board as a whole, the Board Committees and the individual Directors;
- Reviewed of the terms of office and performance of the AC and each of the AC members;
- Conducted the annual evaluation of the Key Officers and Directors of Subsidiary of the Company;
- Assessed the independence of the Independent Non-Executive Directors; and
- Assessed the continued eligibility of retiring Directors' for re-election before recommending to the Board.

6.0 Overall Effectiveness of the Board and its Individual Directors

The Board has delegated the NC to assess and evaluate on an annual basis the performance and the effectiveness of the Board as a whole, the Board Committees and individual Directors. The performance evaluation method is based on a self and peer assessment approach. The Directors were required to complete pre-set questionnaires that covers various aspects such as the Board's and Board Committee's effectiveness, assessment of individual Directors that included self and peer evaluation, assessment on structure, size and composition of the Board.

The NC had undertaken the assessment on the independence of Independent Directors during the financial year ended 30 June 2024. Based on the assessment, the Board was generally satisfied with the level of independence demonstrated by the two (2) Independent Directors. The NC found that there were no circumstances that could interfere with the Independent Directors' ability in exercising independent and objective judgement.

Based on the evaluation conducted, the NC is satisfied with the current Board composition. It was determined that the Directors have shown effectiveness and dedication in serving the Board, both in terms of their time commitment and active participation in meetings. Accordingly, the NC recommended to the Board the re-election of retiring Directors at the upcoming AGM of the Company.

In addition, all Directors were required to disclose to the Board of any conflicts of interest and/or material personal interest that they may have in connection with the affairs of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II - BOARD COMPOSITION (CONT'D)

6.0 Overall Effectiveness of the Board and its Individual Directors (Cont'd)

Time Commitment

As stipulated in the MMLR, each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year. The Board was satisfied with the level of commitment given by the Directors towards discharging their roles and responsibilities as reflected in the record of respective attendances at the Board and Board Committee meetings held during the financial year ended 30 June 2024:

Meeting attendance for the financial year ended 30 June 2024					
No.	Director	Board	AC	NC	RC
1.	Datuk Jamaludin bin Nasir	4/5	5/5	1/1	1/1
2.	Lee Min On	5/5	5/5	1/1	1/1
3.	Piong Chee Kien	5/5	5/5	1/1	1/1
4.	Datuk Piong Teck Yen	5/5	-	-	-
5.	Piong Teck Onn	5/5	-	-	1/1
6.	Chin Swee Chang	5/5	-	-	-

The Board is cognisant of the need of continuous education and training programmes for its members to equip themselves with the necessary skills and knowledge to discharge their roles and responsibilities effectively. The Directors are also encouraged to participate in various training in accordance with their respective needs to keep abreast with changes in corporate governance promulgations, business landscape, regulatory requirements and industry practices.

All Directors have attended the Mandatory Accreditation Programme Part I (in relation to a Director's roles, duties and liabilities) prescribed by Bursa Securities. Bursa Securities has introduced Mandatory Accreditation Programme Part II: Leading for Impact ("MAP Part II") aimed at enhancing the knowledge and understanding of sustainability practices among Directors. As of the date of this Annual Report, 1 out of 6 Directors has attended the MAP Part II in August 2024 and the remaining 5 Directors will complete the MAP Part II before the deadline of 1 August 2025.

The details of the trainings attended by the Directors during the financial year ended 30 June 2024 are listed in the table below:

Name of Directors	Trainings Attended
Datuk Jamaludin bin Nasir	Reshaping Markets and Finance through Leadership, Technology and Talent as Levers for Change
	Evaluating Public - Private Partnership - Infrastructure Projects
	MARC Awareness Training - MACC Act Section 17A & Anti- Bribery and Cyber Security
	Webinar - APAC, REIT's & REOC - Credit Developments & Implications
Piong Teck Onn	Workshop with the IGBA on CRP for Generics and Biosimilars Prequalified by WHO and SRA Approved
	Briefing by Pharmacy Board Malaysia on New Log Book for Liberalisation of Provisionally Registered Pharmacist (PRP) Training
	Webinar on Medicines and Medicinal Products Advertisement
Datuk Piong Teck Yen	Five (5) Steps to Achieve ESG Compliance as a Local Manufacturer

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II - BOARD COMPOSITION (CONT'D)

6.0 Overall Effectiveness of the Board and its Individual Directors (Cont'd)

Time Commitment (Cont'd)

Name of Directors	Trainings Attended
Chin Swee Chang	Health Talk: Lifestyle Disease & Nutrition
	Marine (Pleasure Craft Insurance)
	Business Interruption – Dual Wages, Non-Damage BI & Contingent BI
	Personal Accident Protector
	Contaminated Product Insurance for F&B Industries
	Marine Cargo Insurance
	Management of Cyber Risk Programme
	Fire Insurance Clauses
	IT Application Development General Procedure
	Roadside Assistance and eClaims Solutions
	AML and Sanction Screening Processes
	Health Talk: Low Back Pain and How to Prevent
	New & Enhanced Product Training
	Implications of Road Transport Act 1987 on Motor Insurance
	Accelerating Growth through Claims
	Truck Assist & Home Protector
	BNM Policy Document on Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions for Financial Institutions for Agents
	Handling Insurance Sales Objections and Complaints
Fundamentals and Best Practices in Insurance Risk Engineering, Risk Assessment and Mitigation Strategies	
Tort & Civil Liability: Overview and Civil Liability, the Law of Torts & Torts of Negligence	
Underwriting Information: Risk Management of Liability Risks	
Lee Min On	The Institute of Internal Auditors Malaysia: East Malaysia Conference 2023 – Unlocking Success: Empowering Internal Auditors for Tomorrow's Challenges
	Conflicts of Interest – for Directors of listed issuers (organised by Bursa Malaysia Securities Berhad)
	Assessment of the Board, Board Committees and Individual Directors: Are such assessments useful, let alone necessary for listed issuers? (organised by Malaysian Institute of Corporate Governance)
	ESG – Are you ready for the enhanced Sustainability Reporting Requirements? (organised by the Malaysian Institute of Corporate Governance)
	Enterprise Risk Management – Roles of the Board of Directors (organised by Eastern & Oriental Berhad)
	Revisiting Corporate Liability on Corruption under Section 17A of the MACC Act 2009 (organised by Media Chinese International Limited)
Piong Chee Kien	Virtual Workshop by NPRA on Bioequivalence Desktop Evaluation (“BEDE”)
	In Depth Understanding of the PDPA and Importance of PDS
	Halal Awareness Training
	Ergonomics at Workplace
	ISO 9001 Internal Auditor Course
	Training on Product Quality Review and Verification
	Comprehensive General Liability Insurance and Public Liability Insurance

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART III - REMUNERATION

7.0 Remuneration Policies and Decisions

The RC comprises a majority of Non-Executive Directors, with the Chairman of the RC being an Independent Non-Executive Director. The RC met once for the financial year under review attended by all RC members. The RC is guided by its Board-approved Terms of Reference which are available on the Group's website at www.kotrapharma.com.

The members of the RC are as follows:

- Datuk Jamaludin bin Nasir – Chairman, Independent Non-Executive Director
- Lee Min On – Member, Independent Non-Executive Director
- Piong Teck Onn – Member, Managing Director
- Piong Chee Kien – Member, Non-Independent Non-Executive Director

The Board has established Policies and Procedures to streamline the Remuneration of Directors and Senior Management, enabling the remuneration packages to attract, retain and motivate experienced, high calibre and qualified Directors and Senior Management to lead and manage the Group effectively. The RC reviewed, deliberated, assessed and recommended to the Board the remuneration of Directors for the financial year ended 30 June 2024, with the respective Directors abstaining from deliberating their own remuneration.

For Executive Directors, their remuneration is structured so as to link rewards to the performance of the Group and individuals, with reference to companies of comparable business and market competitiveness. The remuneration of Non-Executive Directors is pegged against their roles, experience, expertise, level of responsibilities and participation in meetings. The remuneration of Non-Executive Directors, comprising fixed annual fees and meeting allowances, is determined by the Board and is subject to shareholders' approval at AGM.

Senior Management's remuneration is reviewed and decided annually by the Group Managing Director. The components of their remuneration consist of a basic salary, bonus and other benefits that are commensurated with their qualifications, experience, market competitiveness, level of responsibility as well as the performance of the Group and individuals.

8.0 Remuneration of Directors and Senior Management

Directors' remuneration from the Company and Group for the financial year ended 30 June 2024 amounted to RM364,450 and RM3,743,351 respectively. Detailed information of Directors' remuneration on a named basis is disclosed under Practice 8.1 of the Corporate Governance Report ("CG Report") uploaded on Bursa Securities and the Group's website at www.kotrapharma.com.

The Board is of the view that disclosure of the top five (5) Senior Management's remuneration on a named basis would not be in the Group's best interest, given the highly competitive human resources environment in which the Group operates. Being mindful of the sensitivity of such information, the Board has opted not to disclose on a named basis the remuneration in bands of RM50,000 for Senior Management. An alternative disclosure to inform shareholders of such remuneration is adopted and set out under Practice 8.2 of the CG Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - AUDIT COMMITTEE

9.0 Effective and Independent Audit Committee

The AC comprises three (3) Non-Executive Directors, with the majority being Independent Directors, the composition of which aligns with Practice 9.1 of the MCGG which highlights that the Board Chairman should not be the AC Chairman.

The AC took note of the MCGG's requirement for a former partner of the External Audit firm and/or its affiliates to observe a cooling-off period of at least three (3) years from retirement or resignation before being appointed as an AC member. The Terms of Reference of the AC are available on the Group's website at www.kotrapharma.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I - AUDIT COMMITTEE (CONT'D)

9.0 Effective and Independent Audit Committee (Cont'd)

All the AC members are financially literate, which is an essential attribute to assist the Board in overseeing financial reporting, ensuring its accuracy, completeness and compliance with applicable financial reporting standards. The AC also oversees, amongst others, the review of related party transactions, risk management and internal controls, any conflict of interest situations that may arise within the Group, including the mitigating measures thereof, as well as the provision of non-audit services by the External Auditors and/or their affiliates.

A summary of the work carried out by AC in discharging its duties during the financial year ended 30 June 2024 is disclosed under the Report of Audit Committee in this Annual Report.

External Auditors

The External Auditors had provided to the AC assurance on their independence, i.e., that they were and had been independent throughout the conduct of the audit engagement during the financial year under review. The AC conducted an annual assessment of the suitability and independence of the External Auditors, using pre-set questionnaires adapted from Bursa's Corporate Governance Guide 4th Edition. Following this assessment, the AC also considered the level of audit fees to ensure a quality audit is conducted, including the nature and extent of non-audit services rendered by the External Auditors and/or their affiliates to prevent any compromise on the External Auditors' objectivity and independence. The AC was satisfied with the outcome of the assessment and recommended the Board to endorse the External Auditors' re-appointment for the ensuing financial year for shareholders' approval at the forthcoming AGM.

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

10.0 Sound Risk Management and Internal Control Framework

The Board acknowledges its statute-mandated role of establishing and maintaining a sound risk management and internal control framework within the Group. The AC supports the Board by overseeing the Group's Enterprise Risk Management framework and regularly assessing the framework to ensure its adequacy and effectiveness. Management, led by the Group Managing Director, has developed comprehensive internal controls, designed to mitigate risks to acceptable levels, safeguard the Group's assets, and enabling compliance with regulatory requirements.

For the financial year ended 30 June 2024, the Board engaged BDO Governance Advisory Sdn. Bhd. ("BDOGA"), an independent professional firm, to assist the Group in updating and, where pertinent, refresh its risk profile focusing on the principal business units within the Group. BDOGA was appointed to replace a former service provider so as to provide fresh perspectives on risks based on its experience, especially on opportunities and emerging challenges faced in the pharmaceutical industry. The updated risk profile, which was a key output from the risk assessment, assisted the Board and Management to anticipate, address and manage potential risks effectively, thereby supporting informed decision-making and strategic planning.

The Statement on Risk Management and Internal Control as set out in this Annual Report provides an overview of the state of risk management and internal controls of the Group.

11.0 Internal Audit Function

For the year under review, the Group's Internal Audit function was outsourced to BDOGA, which reported directly to the AC and was free from any relationship or conflict of interest, which could impair their objectivity and independence. For this purpose, the Head of Internal Audit function was distinct from the BDOGA personnel who helmed the Group's risk update. BDOGA supported the Board and AC by providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system.

The internal audit function adopted a risk-based approach in planning and executing the audits. The standards and practices adopted by BDOGA aligned with the International Professional Practices Framework of the Institute of Internal Auditors. A cycle of internal audit was carried out by the Internal Audit function based on the audit plan presented to and approved by the AC. Findings from the internal audit, including the recommended Management action plans and Management's comments, were presented directly to the AC. This process ensured that the AC received assurance, and comprehensive and timely insights into the effectiveness of the Group's internal control systems.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I - ENGAGEMENT WITH STAKEHOLDERS

12.0 Continuous Communication Between the Company and Stakeholders

The Board is mindful of the need to disseminate material information accurately and in a timely manner to shareholders and other stakeholders. Accordingly, the Board endeavours to provide pertinent information to promote transparency, foster trust and support informed decision-making. To enable proper handling of confidential and material information, the Board has established Corporate Disclosure Policies and Procedures that serve as guidelines to facilitate information disclosure.

All material information is released to Bursa Securities whereby shareholders and other stakeholders are able to view the Group's financial results and relevant announcements at www.bursamalaysia.com. The Board peruses and approves all announcements prior to their release to Bursa Securities, save for those which are administrative in nature for which the Company Secretaries have been authorised by the Board for their release. The Group's website has an Investor Relations section where information on the Group, announcements, relevant corporate policies, Annual Reports, Board Charter, Terms of Reference, notices and minutes of AGM can be easily accessed. Shareholders may forward any concerns or queries to a dedicated e-mail address which is available on the Group's website, and all relevant and appropriate issues raised are addressed accordingly.

PART II - CONDUCT OF GENERAL MEETINGS

13.0 Shareholders' Participation and The Board and Senior Management Engagement

The AGM serves as the principal forum for communication between the Board and shareholders. Shareholders are encouraged by the Chairman of the meeting to participate in and engage with the Directors at the AGM, providing a valuable opportunity for interaction regarding the business and performance of the Group. The Chairman is responsible for ensuring that sufficient time and opportunities are allocated to shareholders at the AGM, including allowing shareholders to exercise their rights to raise questions and express concerns related to both financial and non-financial matters concerning the Group.

The notice and agenda of AGM, together with the proxy form, were mailed to shareholders twenty-eight (28) days before the AGM to provide shareholders with adequate time to review the proposed resolutions, make necessary arrangements to participate in the AGM or appoint proxies as they deem appropriate. Each item of ordinary business included in the notice of the AGM is accompanied by an explanatory statement on the effects of the proposed resolution.

The Twenty-Fourth ("24th") AGM was conducted virtually through live streaming and online remote voting to facilitate broader shareholder participation. The Board members, except for a Non-Independent Non-Executive Director who joined the meeting remotely via video conferencing, Senior Management, Company Secretary and representative of External Auditors were physically present at the Broadcast Venue.

During the AGM, the Group Managing Director presented a review of the Group's performance during the financial year ended 30 June 2023. In line with Practice 13.5 of the MCCG, questions posed by shareholders were made visible to all meeting participants during the 24th AGM. All resolutions set out in the notice of the AGM were voted using Remote Participation and Voting ("RPV") facilities and an independent scrutineer was appointed to validate the voting outcome for each resolution. The results were announced by the Chairman before the end of 24th AGM and were published via Bursa Securities on the same day.

Minutes of the 24th AGM were made available on the Group's website at www.kotrapharma.com within thirty (30) business days from the date of the 24th AGM.

KEY FOCUS AREAS AND FUTURE PRIORITIES

Moving forward, the Board remains steadfast in engendering sound corporate governance practices across the Group. The key focus in the coming years will be on increasing the Group's awareness and application of sustainability considerations in the Group's strategies and business operations. Additionally, emphasis will also be placed on improving risk management and compliance knowledge to navigate regulatory challenges and the ever evolving business landscape.

This CG Overview Statement was approved by the Board on 3 October 2024.