

Corporate Governance Overview Statement

The Board of Directors (the “Board”) of Erdasan Group Berhad is committed to achieve and maintain high standards of corporate governance within the Group as a fundamental part of its responsibilities in managing the business and affairs of the Group in order to protect and enhance shareholders’ value.

This Statement is to provide shareholders and investors with an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”) by the Group and should be read together with the Corporate Governance Report 2025 of Erdasan Group Berhad (“CG Report”) which accompanies this Annual Report and is also available on the Company’s website at www.erdasan.com.my.

The CG Report provides the details on how the Group has applied each Practice as set out in the MCCG during the Financial Period Ended 30 September 2025 (“FPE2025”). Other than Practice 1.2, 1.3, 5.9, 5.10 and 8.2, the Board is of the view that the Group has substantially complied with the recommendations of MCCG.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Roles and Responsibilities

The Board has established clearly defined roles and responsibilities to discharge its responsibilities in the best interests of the Group’s shareholders and stakeholders. The Board sets the Group’s strategic direction and ensures that adequate resources are in place to achieve the Group’s objectives. In carrying out its stewardship role, the Board assumes, amongst others, the following responsibilities:-

- (a) Reviewing and adopting strategic plans for the Group;
- (b) Overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed;
- (c) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- (d) Succession planning including the appointing, training, fixing the compensation of and, where appropriate, replacing senior management;
- (e) Developing and implementing an investor relation programme or shareholder communication policy for the Company;
- (f) Reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- (g) Setting the sustainability strategies and overseeing the overall sustainability performance of the Group.

The Board is responsible for the oversight and overall management of the Group, which includes reviewing and adopting strategic plans for the Group, as well as ensuring appropriate risk management and internal control systems are in place by regularly reviewing such systems to ensure their adequacy, integrity and effectiveness. Management of the Group, which is led by the Executive Director, is delegated to execute the strategies and business plans of the Group. Matters such as major capital expenditure, business acquisition and restructuring, corporate proposals and annual budget are reserved for the Board to make its decision.

The responsibilities of the Board, as well as the segregated roles and responsibilities of the Chairman, Independent Non-Executive Directors and Executive Director of the Company are stipulated in the Board Charter. All the Independent Non-Executive Directors are independent of the Executive Director, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board’s deliberations.

Corporate Governance Overview Statement (Cont'd)

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

2. Key Responsibilities of Chairman

Chairman of the Group plays an important role in leading the Board to function and instilling good corporate governance practices. The responsibilities of the Chairman, amongst others, are as follows:

- (a) Ensuring that appropriate procedures are in place to govern the Board's operations;
- (b) Setting the agenda, style and tone of Board deliberations, and facilitating effective review, analysis, discussions and contributions by each Director with sufficient time allocated for discussion of complex and contentious issues, encouraging constructive debate so as to enable a sound decision making process;
- (c) Ensuring accurate and timely information, in particular about the performance of the Company, is furnished to Board members;
- (d) Leading efforts to address the Board's developmental needs; and
- (e) Chairing of general meetings, and ensuring a smooth, open and constructive dialogue between the Board and the shareholders.

Following the resignation of Dato' Nik Ismail Bin Dato' Nik Yusoff on 27 May 2025, the position of Chairman has been vacant. As at the date of this statement, the Company has not appointed Chairman to fill in the vacant position. The Board would endeavor to identify suitable candidate to be appointed as Chairman of the Company, taking into consideration the Company's size, stage of development and business requirements.

3. Chairman and Chief Executive Officer ("CEO")

As at the date of this Statement, the Company does not have CEO. Currently Mr. Chou Sing Hoan, the Executive Director of the Company assumes the role and responsibilities amongst others, as follows:-

- (a) Develop and implement strategic direction for the Group;
- (b) Oversee heads of departments who are responsible for all functions contributing to the success of the Group;
- (c) Ensure efficiency and effectiveness of the operation of the Group; and
- (d) Assess business opportunities which are of potential benefit to the Group.

All Directors' views are heard, sufficient time for discussion of each agenda and fair opportunity is provided to all Directors to participate actively and constructively during meetings and discussions.

4. Qualified and Competent Company Secretaries

Company Secretaries play an advisory role to the Board, particularly with regards to the Company's adherence to its Constitution, its compliance with regulatory requirements, codes or guidance and legislations from time to time and update on new ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") to the Board. It is important that a suitably qualified and competent Company Secretary is appointed according to the requirements outlined in the Companies Act 2016.

Company Secretaries ensure that deliberations at Board and Board Committee meetings are well documented and follow-up on matters arising are subsequently communicated to the relevant Management personnel for appropriate actions. A secured retrieval system which stores meeting papers, minutes of Board and Board Committees are properly maintained by them. They also constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through continuous training. Hence, supporting the Board by ensuring adherence to board policies and procedures, rules, relevant laws and best practices in corporate governance. The Company Secretaries also manage processes pertaining to general meetings and act as a focal point for stakeholders' communication and corporate governance.

The Board is satisfied with the service and support rendered by the Company Secretaries in discharging their functions. The Company Secretaries had and will continuously undertake professional development.

Corporate Governance Overview Statement (Cont'd)

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

5. Access to Information and Independent Professional Advice

Scheduled Board meetings are structured with a pre-set agenda, taking into account the formal schedule of matters reserved for the Board's decision. Board meetings are carried out on a quarterly basis to review and approve the Group's financial results, with additional meetings held as and when urgent matters are required to be discussed and decided by the Board.

Notice of meetings is given in writing at least seven (7) days prior to the meeting. Board papers providing mainly information on the financial performance of the Group as well as minutes of meetings are also circulated approximately seven (7) days prior to the meeting or such other period as deemed appropriate by the Board, to provide sufficient time for the Directors to consider and deliberate on issues to be raised at the Board meetings. The Directors have full access to the Senior Management as well as the advice and services of the Company Secretaries, and they ensure that the Board proceedings are properly documented.

In addition, the Directors may also seek independent professional advice, at the Company's expense, if required, in furtherance of discharging their duties with adequate knowledge. The Directors may also consult with the other Board members prior to seeking any independent professional advice.

6. Board Charter

The Board Charter is a source of reference and primary induction literature, providing insights to prospective Board members and Senior Management. The Company has in place a Board Charter that sets out, among others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with its Management and shareholders.

The Board Charter is structured to protect the best interests of shareholders and stakeholders by practicing a high level of good governance. The Board delegates to the Executive Director to oversee the business operation of the Group. The management of the Group is delegated to the Senior Management to execute the strategies and business plans of the Group.

Notwithstanding the above, the Board also delegates specific fiduciary duties and responsibilities to several Board Committees. The following principal Board Committees have been established to assist the Board in discharging its duties and oversight function effectively:-

- (a) Audit and Risk Management Committee
- (b) Nominating Committee
- (c) Remuneration Committee

The Terms of Reference ("TOR") of each Board Committee have been approved by the Board and, where applicable, comply with the recommendations of the MCCG. These Board Committees have the authority to examine particular issues and report to the Board with their recommendations, as well as acting on behalf of the Board within the authority as laid out in the TOR. Nonetheless, the ultimate responsibility for the final decision on such matters lies with the Board.

The roles and responsibilities of directors are also included in the Board Charter. The Board Charter will be reviewed and updated in accordance with the needs of the Group and in line with any new regulations that may have an impact on the discharge of the Board's responsibilities. The details of the Board Charter are available for reference on the Group's website at www.erdasan.com.my.

Corporate Governance Overview Statement (Cont'd)

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

7. Formalised Ethical Standards through Code of Conduct, Whistleblowing Policy and Anti-Bribery and Anti-Corruption Policy

The Board has formalised a Code of Conduct (“the Code”) to define the ethical standards and conduct at work, which the Directors and all employees of the Group are required to conform to when discharging their respective duties and responsibilities. The Code includes the guiding principles of conduct on confidential information, misconducts, conflict of interest and several other principles of conduct to uphold the best governance practices.

The Group in its effort to enhance corporate governance has put in place a Whistleblowing Policy to provide an avenue for employees and stakeholders to report genuine concerns about malpractices, unethical behaviour, misconduct or failure to comply with regulatory requirements without fear of reprisal. Any concerns raised will be investigated and a report and update will be provided to the Audit and Risk Management Committee.

During the FPE2025, the Company received a whistleblowing report from a former employee alleging misconduct involving a former Executive Director, which was also reported to the Malaysian Anti-Corruption Commission (“MACC”). Following this, a special Board meeting was convened to hear and discuss the matter. Based on the findings and deliberations, the Company initiated legal action against the former Executive Director. An Extraordinary General Meeting (“EGM”) was subsequently convened, at which the said former Executive Director was removed.

The Group has also adopted an Anti-Bribery and Anti-Corruption Policy which sets out parameters to prevent the occurrence of bribery and corrupt practices in the conduct of the Group’s business. This policy provides information and guidelines to all Directors and employees of the Group on the standard of behaviour which they must adhere to and how to recognise and deal with bribery and corruption.

The Code, Whistleblowing Policy and Anti-Bribery and Anti-Corruption Policy are reviewed regularly as and when it is deemed necessary by the Board. The details of the Code, Whistleblowing Policy and Anti-Bribery and Anti-Corruption Policy are available for reference on the Group’s website at www.erdasan.com.my.

8. Strategies Promoting Sustainability

In relation to sustainability, the Board understands the importance of striking the balance between shareholders’ expectations and the needs and concerns of all other stakeholders. The Board is committed to ensuring that the Group’s sustainability strategies and framework are continuously reviewed for effectiveness and adequacy. The Board also focuses on environmental sustainability of the Group’s operations with emphasis on sustainable product design and the use of environmentally sound ingredients will be included as part of the criteria in any new product development.

The Board will take into consideration the three aspects in doing its business, i.e. Environmental, Social and Governance (“ESG”). Managing and balancing ESG are essential to ensure long-term viability of the Group’s business, in the interests of various stakeholders. The Group has established a formal sustainability framework and undertake material sustainability initiatives, setting the Group’s sustainability strategies priorities and targets as outlined in the Company’s Sustainability Statement presented on pages 18 to 34 of this Annual Report.

The Group has adopted the Sustainability Policy which is available for reference on the Group’s website at www.erdasan.com.my.

Corporate Governance Overview Statement (Cont'd)

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

9. Board Composition and Diversity

The Company's current Board composition is as follows:-

Executive Director

Chou Sing Hoan

Independent Non-Executive Directors

Tan Lay Chee

Ling Chi Hoong

Lee Lisa

Non-Independent Non-Executive Directors

Dr. Ch'ng Huck Khoon

Datuk Chong Loong Men

The Company is led and managed by an experienced Board, comprising members who have a wide range of experience in fields such as management, finance and law to effectively direct and supervise the Group's business activities and oversee the overall management of the Group. A brief profile of each Director is presented on pages 14 to 16 of this Annual Report.

9.1 Board Composition

As at the date of this Statement, the Board has six (6) members, comprising one (1) Executive Director, three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. The composition of the Board is in compliance with Rule 15.02(1)(a) of the ACE LR of Bursa Securities, which requires at least two (2) directors or one-third (1/3) of the Board of Directors, whichever is the higher, are Independent Directors. The Company has also fulfilled the best practice under the MCCG to have at least half of the Board members comprises a majority of independent directors.

All Board members participate fully in decisions on key issues involving the Group. The Executive Director is responsible for implementing the policies and decisions of the Board and managing the Group's day-to-day operations. The Executive Director also ensure that strategies are fully discussed and examined, taking into account the long-term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business. Each Director nevertheless brings an independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

The Board believes that the current Board composition is appropriate given the collective skills and experiences of the Directors, the Group's current size and nature of the Group's business. The Board will continue to monitor and review the Board's size and composition as may be needed.

9.2 Board Diversity

The Board is supportive of diversity in the Board's composition and Senior Management. Appointment of members of the Board and Senior Management team are based on objective criteria, merit and also due regard for diversity in experience, skills set, age, gender and cultural background.

Corporate Governance Overview Statement (Cont'd)

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

9. Board Composition and Diversity (Cont'd)

9.2 Board Diversity (Cont'd)

As at the date of this Statement, the Board has one (1) female Independent Non-Executive Director, which accounts for 16.7% of the Board members. This is in compliance with Rule 15.02(1)(b) of the ACE LR of Bursa Securities, which requires at least one (1) director is a woman. Although the Group has yet to have a Gender Diversity Policy, the Board is supportive of the recommended practice under the MCGG in promoting female's representation at the Board level, whereby a Board should comprise at least 30% women directors. The Board will take steps to include, where appropriate and suitable, women candidates as nominee during the nomination process of Board members. This is to form a balance mix of essential skills, experience and knowledge to ensure the capable management and leadership of the Group.

The Board is of the opinion that the Directors, with their diversified background and extensive experience, bring a wide range of technical skills and expertise to the Group and have contributed significantly towards performance monitoring, control as well as governance.

9.3 Tenure of Independent Directors

The Board noted the Practice 5.3 of the MCGG states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Nevertheless, upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the approval of shareholders to continue as an Independent Director or be re-designated as a Non-Independent Director. If the Board intends to retain an Independent Director beyond 9th year of appointment, it should justify and seek shareholders' approval at a general meeting through a two (2)-tier voting process as prescribed under the MCGG.

In view of this, the Board has undertaken an annual assessment to assess the independency of the Independent Directors. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and it will continue to conduct independence assessment annually with the assistance of the Committee to ensure that the Independent Directors are able to exercise independent judgement and act in the best interests of the Group.

The Board does not have a policy which limits the tenure of an Independent Director to nine (9) years as it believes that the tenure of service is not a major factor to determine the independence of a Director.

As at the date of this Statement, all Independent Non-Executive Directors' service tenure are within the nine (9) years term.

10. Appointment of Directors to the Board

The Nominating Committee and the Board members would review the Board composition and ensure its board diversity in terms of skills, knowledge, experience and gender; and mindful that it will contribute to better management and leadership to the Group. When potential candidates have been shortlisted, the Nominating Committee will assess and deliberate on their skills, knowledge, expertise and experience, independence and capability to discharge their responsibilities, before making recommendations to the Board for approval. In accordance with the Company's Constitution, all Board members who are appointed by the Board shall be subject to election by shareholders at the next AGM, and shall then be eligible for re-election.

Corporate Governance Overview Statement (Cont'd)

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

10. Appointment of Directors to the Board (Cont'd)

In recruitment, the appointment of Director is undertaken by the Board as a whole, guided by formal recommendations from the Nominating Committee which received nomination of candidates from major shareholders and existing Directors of the Group. Nonetheless, the Nominating Committee and the Board do not solely rely on recommendations from major shareholders or existing Directors and would consider utilising independent sources such as directors' registry, recruitment agency or industry and professional associations to identify suitably qualified candidates when necessary.

The Company adopted the Directors' Fit and Proper to ensure a formal, rigorous and transparent process for the appointment and re-election of directors of the Group. The Directors' Fit and Proper Policy is available at the Company's website at www.erdasan.com.my.

11. Board Committees

The Board, in view of assisting the discharge of its stewardship role, has established Board Committees delegated with certain responsibilities as detailed below, as well as the authority to examine specific issues and operate within their respective TOR as approved by the Board and report to the Board with their proceedings, deliberations and recommendations. The ultimate responsibility for decision making, however, lies with the Board.

(a) Audit and Risk Management Committee ("ARMC")

The ARMC comprises three (3) members, of whom two (2) are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director.

The composition, attendance for meetings and summary of work of activities of the ARMC are set out in the ARMC Report on pages 51 to 55 of this Annual Report. The TOR of ARMC is available for reference on the Company's website at www.erdasan.com.my.

(b) Nominating Committee ("NC")

The NC comprises three (3) members, of whom two (2) are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director.

NC has clearly defined written TOR approved by the Board and is responsible for nominating new nominees to the Board and assessing the performance of the Directors of the Group. The roles and responsibilities of the NC are set out in its TOR, which is available for reference on the Company's website at www.erdasan.com.my.

As of the date of this Statement, the composition of the NC is as follows:-

| Designation | Name | Directorship |
|-------------|----------------------------|---|
| Chairman | Tan Lay Chee | Independent Non-Executive Director |
| Member | Dr. Ch'ng Huck Khoon | Non-Independent Non-Executive Director |
| Member | Ling Chi Hoong | Independent Non-Executive Director (Appointed as member w.e.f. 21 November 2025) |
| Member | Datin Ong Poh Lin Abdullah | Independent Non-Executive Director (Resigned as member w.e.f. 31 October 2025) |

Corporate Governance Overview Statement (Cont'd)

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

11. Board Committees (Cont'd)

(b) Nominating Committee ("NC") (Cont'd)

The NC shall meet at least once a year and as and when necessary. For the FPE2025, the NC met twice (2) and the meetings were attended by all of its members. The details of attendance of the NC members during the FPE2025 are as follows:-

| Name of Directors | Number of NC meetings attended |
|----------------------------|--------------------------------|
| Tan Lay Chee | 2/2 |
| Dr. Ch'ng Huck Khoon | 2/2 |
| Ling Chi Hoong | - |
| Datin Ong Poh Lin Abdullah | 2/2 |

During the financial period under review, the NC has undertaken the following activities:-

- Reviewed the composition of the Board of Directors including the required mix of skills, expertise and experience and core competencies of the existing Board members and Board committees;
- Reviewed, considered and recommended to the Board for approval, the re-election of Directors who retired in accordance with the Company's Constitution;
- Reviewed and recommended the revised NC's TOR in compliance with the latest amendments to the ACE LR and MCCG to the Board for approval;
- Assessed and evaluated the performance and effectiveness of the Board as a whole, individual Board member, Board committee and the key management, taking into consideration their time commitment and directors' continuous training development; and
- Reviewed and recommended the Directors' trainings to the Board of Directors.

All recommendations of the NC are subject to the approval of the Board.

(c) Remuneration Committee ("RC")

The RC comprises three (3) Independent Non-Executive Directors, of whom two (2) are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director.

The RC has been entrusted with the responsibility of determining, reviewing and proposing the remuneration of the Executive and Non-Executive Directors and Senior Management of the Company to the Board on an on-going basis. The roles and responsibilities of the RC are set out in its TOR, which is available for reference on the Company's website at www.erdasan.com.my.

As of the date of this Statement, the composition of the RC is as follows:-

| Designation | Name | Directorship |
|-------------|----------------------------|---|
| Chairman | Tan Lay Chee | Independent Non-Executive Director |
| Member | Dr. Ch'ng Huck Khoon | Non-Independent Non-Executive Director |
| Member | Ling Chi Hoong | Independent Non-Executive Director (Appointed as member w.e.f. 21 November 2025) |
| Member | Datin Ong Poh Lin Abdullah | Independent Non-Executive Director (Resigned as member w.e.f. 31 October 2025) |

Corporate Governance Overview Statement (Cont'd)

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

11. Board Committees (Cont'd)

(c) Remuneration Committee ("RC") (Cont'd)

The RC shall meet at least once (1) a year and as and when is necessary. For the FPE2025, the RC met twice (2) and the details of attendance of the RC members are as follows:-

| Name of Directors | Number of RC meetings attended |
|----------------------------|--------------------------------|
| Tan Lay Chee | 2/2 |
| Dr. Ch'ng Huck Khoon | 2/2 |
| Ling Chi Hoong | - |
| Datin Ong Poh Lin Abdullah | 2/2 |

The responsibility of RC is to recommend to the Board the remuneration framework or policy for the remuneration packages of each Director. The remuneration of Directors is determined at levels which enable the Group to attract and retain the Directors with the relevant experience and expertise needed to assist in managing the Group effectively. In the case of Executive Directors of the Group, their remuneration is structured to link rewards to corporate and individual performance.

The Directors' fees and emolument benefits reviewed by the RC are subject to the endorsement of the Board and approval of the shareholders at the Company's AGM. The Board as a whole proposed the remuneration of the Non-Executive Directors. The Directors concerned who are shareholders will abstain from deliberation and voting in respect of his/her own individual remuneration at the AGM to approve their fees. The remuneration and entitlements of the Non-Executive Directors reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned.

During the financial period under review, the RC had reviewed the TOR of RC to ensure in compliance with the latest amendments to the ACE LR of Bursa Securities and MCCG and proposed the same to the Board for approval. The RC and the Board had also reviewed the Directors' fees and emolument benefits for Executive and Non-Executive Directors to be approved by the shareholders at the forthcoming AGM.

All recommendations of the RC are subject to the approval of the Board.

12. Annual Assessment of Directors

A good size and balance of the Board composition ensures that no individual or group of individuals can dominate the Board's decision-making process. The Board, through the NC, have undertaken an annual assessment of the Board's effectiveness based on the composition, conduct, responsibilities of the Board and the Board Committees in accordance with the Board Charter and the respective Board Committees' TORs, as well as the independence of the Independent Directors. The evaluation forms adopted are based on the prescribed forms recommended by Bursa Securities and MCCG, covering Board's structure, operations, roles and responsibilities as a whole, assessment of individual director's input quality, time commitment, character, integrity, competency and experience.

The observations of the assessment indicated that the performance of the Board, the Board Committees and the individual Directors during the financial period under review had been satisfactory and effective in overall discharge of functions and duties.

Corporate Governance Overview Statement (Cont'd)

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

12. Annual Assessment of Directors (Cont'd)

Based on the assessment, taking into consideration the nature and the scope of Group's operations and business requirements, the Board is satisfied with the current size and composition of the Board and Board Committees and opined that it is appropriate and well balanced with diversity of skill set, knowledge and experience which would facilitate effective decision-making. The Board is also satisfied with the level of independence demonstrated by the Independent Directors throughout the year and their abilities to exercise objective judgement and act in the best interest of the Company. The results of the individual Director's assessments had also supported the Board's decision to endorse the retiring Directors standing for re-election.

13. Board Meetings and Time Commitment

The Board meets at quarterly intervals to review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group, with additional meetings held when urgent issues and important decisions are required to be taken between the scheduled meetings. Any Director who has a direct or deemed interest in the subject matter shall declare his interest at the meeting and abstain from deliberation and voting on the respective resolution. Additionally, where appropriate, the Board and/or Board Committees may also resolve and approve various matters by way of written resolutions.

The Board held eight (8) meetings during the FPE2025 and the attendance record of each Director at the Board meetings during their tenure of office is as follows :

| Name and Designation of Directors | Total no. of Board Meetings attended during tenure of office | Percentage of attendance (%) |
|---|--|------------------------------|
| Tan Lay Chee Independent Non-Executive Director | 8/8 | 100% |
| Dr. Ch'ng Huck Khoon Non-Independent Non-Executive Director | 8/8 | 100% |
| Datuk Chong Loong Men Non-Independent Non-Executive Director (Appointed as Director w.e.f. 10 March 2025) | 2/3 | 66.67% |
| Chou Sing Hoan Executive Director (Appointed as Director w.e.f. 23 April 2025) | 2/2 | 100% |
| Choong Lee Aun Managing Director (Resigned as Director w.e.f. 28 April 2025) | 6/6 | 100% |
| Mak Siew Wei Executive Director (Removed as Director w.e.f. 8 May 2025) | 5/6 | 83.33% |
| Dato' Nik Ismail Bin Dato' Nik Yusoff Independent Non-Executive Director (Chairman) (Resigned as Director w.e.f. 27 May 2025) | 6/6 | 100% |
| Datin Ong Poh Lin Abdullah Independent Non-Executive Director (Resigned as Director w.e.f. 31 October 2025) | 8/8 | 100% |

Mr. Ling Chi Hoong and Ms. Lee Lisa were appointed to the Board as the Independent Non-Executive Directors on 21 November 2025, i.e. after the FPE2025.

Corporate Governance Overview Statement (Cont'd)

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

13. Board Meetings and Time Commitment (Cont'd)

All Directors have complied with the minimum 50% attendance at Board meetings during the financial period as stipulated by the ACE LR of Bursa Securities. The Directors' commitment, resources and time allocated to the Company are evident from the attendance record and the Board is satisfied with the level of time and commitment given by each Directors of the Company towards fulfilling their duties and responsibilities.

All Directors are expected to devote sufficient time to carry out its responsibility and are required to notify the Chairman of their intention of accepting new directorship in other public listed companies. The notification shall include an indication of time that will be spent on the new appointment. Currently, all Directors of the Company hold not more than five (5) directorships in public listed companies, which is in compliance with Rule 15.06 of the ACE LR of Bursa Securities.

14. Directors' Training

The Directors are mindful of the importance of continuing training and education to enhance their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance development. The Board, through the Nominating Committee will continuously evaluate and determine the training needs of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management, to enable the Directors to effectively discharge their duties.

The details of the seminars, conferences and/or training programmes attended by the Board of Directors during the FPE2025 are as follows:-

| Name of Directors | Seminars/ Conferences/ Training/ Programmes Attended | Date |
|-----------------------|--|----------------------|
| Tan Lay Chee | • ESG Matters@ACCA - Decoding Greenhouse Gas Emissions (GHG) Accounting: Scope 1, Scope 2 and Scope 3 | 27 May 2024 |
| | • Post Implementation of e-Invoicing in Malaysia: Challenges faced by Businesses and What's Next | 07 October 2024 |
| | • KSY016: Harnessing Artificial Intelligence (AI) for Business Strategies and Applications | 27 November 2024 |
| | • KSY313: Building Organizational Resilience in Post-pandemic Recovery: Cyber Security Risk Management | 28 November 2024 |
| Dr. Ch'ng Huck Khoon | • MFT118 Understanding Financial Gatekeeping: Responsibilities of Registered Representatives in Safeguarding Client Assets and Combatting Financial Crimes | 03 August 2024 |
| | • MFT012: Mastering ChatGPT: Unlocking the Potential of Conversational AI | 08 August 2024 |
| | • MFT016: Harnessing Artificial Intelligence (AI) for Business Strategies and Applications | 15 August 2024 |
| Datuk Chong Loong Men | • Anti-Money Laundering and Anti-Bribery and Corruption (ABC) | 21 September 2025 |
| | • Strategic ESG for Sustainable Value and Long -Term Growth | 22 September 2025 |
| Chou Sing Hoan | • Mandatory Accreditation Programme Part I | 13-14 May 2025 |
| | • Mandatory Accreditation Programme Part II: Leading for Impact (LIP) | 22-23 September 2025 |

Mr. Ling Chi Hoong and Ms. Lee Lisa were appointed to the Board on 21 November 2025, i.e. after the FPE2025.

Corporate Governance Overview Statement (Cont'd)

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

14. Directors' Training (Cont'd)

All Directors in office during the FPE2025 have completed the Mandatory Accreditation Programme (Part I and Part II) as prescribed by Bursa Securities.

The Directors will continue to attend other relevant education and/or training programmes to keep abreast with latest developments and knowledge on a continuous basis in compliance with the ACE LR of Bursa Securities.

The Board has also been regularly updated on recent developments in the areas of statutory and regulatory requirements as well as governance matters from the briefing by the External Auditors, the Internal Auditors and the Company Secretaries during the Board Committee and/or Board meetings, to enable the Directors to discharge their responsibilities effectively.

15. Directors' Remuneration

The Group has adopted the remuneration policies and procedures deliberated by the RC, with any Director who has an interest in the matter abstaining from discussion and decision-making. The remuneration policy is designed to align remuneration with the Group's business strategy and long-term objectives, and to attract and retain the talent required to successfully manage and grow the Group's business.

The remuneration of Executive Director and Senior Management comprises basic salary, allowances, performance-based incentives including bonuses, and other customary benefits as appropriate. Remuneration levels are determined based on relevant market relativities, individual and business performance, qualifications, experience and the geographic location where the personnel is based. In determining remuneration, due consideration is given to the nature of the role, the performance of the Group and the individual, as well as market positioning.

The Non-Executive Directors will receive a fixed base Directors' fee, not by commission or on percentage of profits/turnover, as consideration for their expected roles and responsibilities, including any additional work and contributions required to discharge their duties as a Board member. The proposed aggregate amount of Directors' fees to be paid to Non-Executive Directors is not linked to their individual performance. The Directors' fees and benefits are subject to the approval of the shareholders at the AGM. This is to facilitate the payment of the Directors' fees and benefits on a monthly basis and/or as and when incurred and shall be applicable to the subsequent financial year thereon.

Details of the Directors' Remuneration of the Directors who served the Company during the FPE2025 are as disclosed in Practice 8.1 of the CG Report.

16. Disclosure on Remuneration of Key Senior Management

In determining the remuneration packages of the Group's Key Senior Management personnel, factors that were taken into consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talent.

The Company believes it may not be in its best interest to disclose the top five (5) Key Senior Management personnel's remuneration components including salary, bonus, benefits-in-kind and other emoluments in the bands of RM50,000 on named basis in accordance with the recommendation of Practice 8.2 of the MCCG, having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group's business activities.

The aggregate remuneration paid to the Key Senior Management was RM1,670,005, representing 14.85% the total employees' remuneration of the Group, in commensurate with their performance and responsibilities. The Company believes that such disclosure would still allow stakeholders to have a fair view of the remuneration paid as it is linked to the Group's performance.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Effective and Independent Audit and Risk Management Committee ("ARMC")

The ARMC comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Chairman of the ARMC is Mr. Tan Lay Chee, an Independent Non-Executive Director, who is not the Chairman of the Board, so as not to impair the objectivity of the Board's view of the ARMC's findings and recommendation.

The current composition of the ARMC fulfills the requirement set out under Rule 15.09 of the ACE LR of Bursa Securities, which stipulates the necessary skills and experiences required to be a member of the ARMC, with all the ARMC members possessing the necessary financial, commercial expertise and capital markets skills, experience required to meet their responsibilities. On an on-going basis, the ARMC members will undertake continuous professional training and development, to keep themselves abreast of the latest developments in accounting and auditing standards, guidelines and practices.

The Board through the NC assesses the composition and performance of the ARMC annually, through an annual Board Committee effectiveness assessment. The Board is satisfied that the ARMC members discharged their functions, duties and responsibilities in accordance with the ARMC's TOR. The ARMC's TOR was reviewed and updated regularly to reflect the requirements of the applicable practices of MCCG.

None of the ARMC member is a former key audit partner of the Company's External Auditors and the Board does not foresee any new appointment of a former key audit partner to the Board. The Board had also adopted and incorporated the policy that requires a former key audit partner of the Company to observe the required cooling-off period of at least three (3) years before being appointed as a member of the ARMC in its TOR, as required under Practice 9.2 of the MCCG.

The ARMC also maintains transparent and professional arrangements in dealing with the Internal and External Auditors. Details of the composition of the ARMC, including its roles and responsibilities and a summary of activities conducted by the ARMC are set out in the ARMC Report on pages 51 to 55 of this Annual Report.

2. Assessment of Suitability and Independence of External Auditors

The Board maintains a formal and transparent professional relationship with the External Auditors through ARMC. The role of the ARMC in relation thereto is described in the ARMC Report in this Annual Report. The ARMC has been explicitly accorded the power to communicate with the External Auditors of the Group. During the financial period under review, the ARMC had four (4) private sessions with the External Auditors without the presence of any Executive Director and management.

In reviewing the audit and non-audit services provided by the External Auditors, the ARMC ensures that the independence and objectivity of the External Auditors are not compromised. The External Auditors are engaged mainly to perform statutory audits on Erdasan Group's financial statements. During the financial period, it was reported that the non-audit related review undertaken by the External Auditors includes review of the Statement on Risk Management and Internal Control.

The External Auditors are also invited to attend every AGM whereby the financial statements of the Company for the financial year are laid before the shareholders for notation and discussion, to respond and reply to any enquiries raised with regard to the conduct of the Group's statutory audit and the preparation of the Group's financial statements.

During the financial period under review, the ARMC has assessed the External Auditors based on questions and answers with the External Auditors to assess their suitability and independence. A written assurance by the External Auditors is also disclosed in the Independent Auditors' Report to confirm their independence throughout the audit engagement.

The ARMC, having assessed the independence of the External Auditors as well as reviewed the level of non-audit services rendered by them for the FPE2025, was satisfied with their performance, technical competency, suitability and independence. The ARMC has recommended the re-appointment of Messrs. Morison LC PLT as the External Auditors of the Company and the Group for the ensuing year to the Board, upon which shareholders' approval will be sought at the 21st AGM.

Corporate Governance Overview Statement (Cont'd)

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

3. Sound Framework to Manage Risks

The Board has formalised a comprehensive Enterprise Risk Management Framework and clear governance structure that considers all significant aspects of internal control including risk assessment, the control environment and control activities, information and communication, and monitoring. Key business risks have been categorised to highlight the source of the risk and scored to reflect both financial and reputational impact of the risk and the likelihood of its occurrence.

The Board through the ARMC oversees the risk management matters of the Group, which include identifying, managing and monitoring, treating and mitigating significant risks across the Group. The ARMC also assists the Board to fulfil its responsibilities with regard to the risk governance and risk management in order to manage the overall risk exposure of the Group.

The Board is of the view that the Group's risk management and internal control systems, which were in place during the financial period under review, are adequate and effective in safeguarding the assets of Erdasan Group Berhad, protecting shareholders' investments, and supporting the interests of employees and other stakeholders, and are appropriate for the nature and scale of the Group's business operations.

Further details of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control on pages 56 to 58 of this Annual Report.

4. Internal Audit Function

The Group's internal audit function has been outsourced to an independent professional service firm, Finfield Corporate Services Sdn. Bhd. ("Finfield"). Finfield acts as the Internal Auditors of the Group and reports directly to the ARMC.

The internal audit function's principal role is to assist the ARMC and the Board in conducting independent assessment and systematic reviews on the Group's internal control system and governance practices, so as to provide reasonable and objective assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal controls, risk management and governance. The ARMC reviews the adequacy of the scope, functions, competency and resources of the internal audit function to ensure that it is adequately resourced with competent and proficient internal auditors.

During the financial period under review, ARMC has assessed the performance of the Internal Auditors based on questions and answers with them on their competency and reports presented by the Internal Auditors. Finfield is free from any relationships or conflicts of interest which could impair their objectivity and independence of the internal audit function and does not have any direct operational responsibility or authority over any of the activities audited. The ARMC was satisfied with the outsourced Internal Auditors, Finfield's technical competency and audit independence during the financial period under review and is of the opinion that the internal audit function is effective and is able to function independently.

The activities of the Internal Auditors during the financial period under review are set out in the ARMC Report on pages 51 to 55 of this Annual Report.

Corporate Governance Overview Statement (Cont'd)

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

1. Compliance with Applicable Financial Reporting Standards

In presenting the annual Audited Financial Statements (“AFS”) and quarterly announcements of unaudited consolidated financial results to shareholders, the Board is responsible for ensuring that the disclosures provide a balanced, fair and understandable assessment of the Group’s financial position, performance and prospects. The ARMC has been delegated the responsibility to oversee the Group’s financial reporting process, including the integrity, accuracy and quality of the Group’s financial reporting. This oversight includes reviewing the application of applicable financial reporting standards, significant accounting judgements and estimates, and the adequacy of internal controls relating to financial reporting. A statement by the Directors in relation to their responsibilities in the preparation of the financial statements is set out in the Statement of Directors’ Responsibility in relation to the AFS on page 61 to 166 of this Annual Report.

2. Communications with Stakeholders

The Board recognises the importance of timely, accurate and effective communication with shareholders, investors and other stakeholders on the Group’s businesses, operations, material developments and financial performance, and is committed to ensuring that such information is disseminated on a fair and equitable basis.

The Board endeavours to keep shareholders and investors adequately informed through the publication of the Group’s annual report and audited financial statements, quarterly financial results, circulars to shareholders, press releases and announcements made to Bursa Securities during the year. These disclosures provide shareholders, investors and the public with a clear overview of the Group’s performance, position and operations.

To facilitate continuous and accessible disclosure, the Group maintains a corporate website at www.erdasan.com.my, which includes a dedicated Investor Relations where shareholders and members of the public may access the latest information on the Group, including annual reports, quarterly results, press releases and corporate announcements. Shareholders are also encouraged to obtain the Company’s announcements and corporate governance-related information via Bursa Securities’ website at www.bursamalaysia.com. The Company will continue to enhance and improve its website to ensure information is easily accessible and user-friendly.

3. Conduct of General Meetings

The AGM serves as the principal forum for dialogue between the Board and shareholders. It provides shareholders with the opportunity to participate in discussions, ask questions, and obtain clarifications on the Group’s business operations, financial performance and position, as well as on matters requiring shareholders’ consideration and approval, including the election and re-election of Directors.

EGMs are convened as and when required to seek shareholders’ approval on specific business or corporate proposals. In line with regulatory requirements, adequate notice of EGMs is provided to shareholders together with comprehensive Circulars and/or Statements, setting out the relevant details, rationale and implications of the proposals to facilitate informed decision-making.

The 20th AGM was conducted on a fully virtual basis on 24 September 2024 via live streaming from the broadcast venue, utilising Remote Participation and Voting (“RPV”) facilities operated by InsHub Sdn. Bhd. in Malaysia. The virtual AGM enabled shareholders to participate remotely, submit questions in real time through typed text, and engage with the Chairman and the Board during the meeting. All questions received from shareholders were addressed by the Directors. All Directors attended the 20th AGM.

All resolutions set out in the Notice of the 20th AGM were voted on by way of electronic poll. An independent scrutineer was appointed to validate the voting results. The poll results were announced to Bursa Securities on even date.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

3. Conduct of General Meetings (Cont'd)

For the forthcoming 21st AGM, the Company intends to convene the meeting physically, taking into consideration the objective of facilitating more direct interaction and engagement between the Board, Management and shareholders. Shareholders will be able to attend the AGM in person, participate in the proceedings and vote on the resolutions tabled at the meeting.

The Notice of the 21st AGM and the Annual Report are issued to shareholders at least 28 days prior to the date of the meeting, thereby allowing shareholders sufficient time to review the information and proposed resolutions. Shareholders who are unable to attend the AGM in person may appoint proxies to attend, participate, ask questions and vote on their behalf at the AGM.

The 21st AGM of the Company will be held at Function Room, Pearl View Hotel, Jalan Baru, Taman Chai Leng, 13700 Perai, Pulau Pinang on Friday, 27 March 2026 at 10:30 a.m..

4. Leveraging on Technology for Remote Shareholders' Participation and E-Voting

The Board will continue to assess the appropriateness of leveraging technology to facilitate shareholders' participation and voting at general meetings, which allowed by the authority, where circumstances require, in order to support transparency, accessibility and meaningful shareholder engagement, in line with the principles and practices of MCCG.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement, and considers that the Statement provides the information necessary to enable shareholders to evaluate how the MCCG has been applied by the Company. The Board considers and is satisfied that the Group has fulfilled its obligation under the ACE LR of Bursa Securities and all applicable laws and regulations, as well as applied to the best practices of MCCG at its best throughout the FPE2025.

This Statement was approved by the Board of Directors on 27 January 2026.