

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0281
COMPANY NAME : DAYTHREE DIGITAL BERHAD
FINANCIAL YEAR : December 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("Board") of Daythree Digital Berhad ("Daythree" or the "Company") holds the collective responsibility for achieving the objectives and goals of the Company and its subsidiaries (hereinafter collectively referred to as the "Group"). Guided by its Board Charter, the Board ensures the effective discharge of its functions. This Charter clearly outlines the duties and responsibilities of the Board, elaborated upon below:</p> <ul style="list-style-type: none">(a) setting the corporate values and promoting together with the Key Senior Management ("KSM"), good corporate governance culture within the Group;(b) reviewing and adopting a strategic plan for the Group;(c) overseeing the conduct of the Group's business;(d) identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;(e) ensuring KSM possesses required skills, experience, and measures are in place to provide orderly succession planning of the Board and KSM;(f) overseeing the development and implementation of a stakeholder communications policy for the Group; and(g) reviewing the adequacy and the integrity of the management information and internal control systems of the Group. <p>The Board delegates its authority to three (3) Board Committees to effectively discharge its stewardship role. Each Board Committee operates within approved Terms of Reference ("TOR"). The Chair of each Board Committees reports to the Board on delegated matters and their recommendations. The Board exercises collective oversight of the Board Committees and holds ultimate responsibility for decision-making.</p>

	<p>The established Board Committees are:</p> <ul style="list-style-type: none"> (a) Audit and Risk Management Committee; (b) Nominating Committee; and (c) Remuneration Committee. <p>The Board Charter is accessible through the Company's website at www.daythree.com.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Dato' Ting Heng Peng was appointed as the Independent Non-Executive Chairman of Daythree on 25 August 2022.</p> <p>As the leader of the Board, he acts as its chief spokesperson and representative to both internal and external stakeholders. He represents the Board to shareholders and presides over the general meetings, ensuring transparency and fostering effective communication. He plays a crucial role in upholding the integrity of the governance process, ensuring that discussions within the Board are balanced, productive, and lead to logical outcomes.</p> <p>Beyond these overarching responsibilities, he facilitates Board meetings to ensure active participation of all Directors, fostering an environment where diverse perspectives are valued and relevant opinions are encouraged. He also takes measures to empower and engage all Directors in Board activities, ensuring they receive timely and relevant information tailored to their needs. Furthermore, he guides Executive Directors to embrace their governance responsibilities fully, providing regular updates on issues critical to the Group's welfare and future. He also coordinates input from all Directors to optimize the effectiveness of the Board and its Committees, mediating actions concerning Group priorities and governance concerns.</p> <p>Overall, the Chairman's role encompasses leadership, communication, governance oversight, and coordination, all aimed at advancing the Group's interests and ensuring its long-term success. He undertakes various responsibilities assigned by the Board, including organising essential information for agenda items and delegating duties as necessary to Executive Directors, Board members, or Board Committees.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has implemented a clear demarcation between the position of Chairman and Managing Director ("MD"), ensuring they are held by different individuals.</p> <p>Separation of the positions of the Chairman and MD fosters accountability, clarifies responsibilities, and prevents any individual from unduly influencing the Board's discussions and decision-making processes.</p> <p>The Chairman of the Company is Dato' Ting Heng Peng, an Independent Non-Executive Chairman, leading the Board in its collective oversight of management, while the MD of the Company is Mr Paul Raymond Raj A/L Davadass, a Managing Director, focusing on the business and day-to-day management of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Applied
Explanation on application of the practice	: Dato' Ting Heng Peng, the Independent Non-Executive Chairman of the Board, is neither the member of Audit and Risk Management Committee, Nominating Committee, and Remuneration Committee.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 1.5

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

Application	: Applied
Explanation on application of the practice	<p>The Board is supported by two (2) external Company Secretaries, Ms Siew Suet Wei (MAICSA 7011254 & SSM Practicing Certificate No. 202008001690) and Ms Lim Yen Teng (LS0010182 & SSM Practicing Certificate No. 201908000028), both suitably qualified under Section 235 of the Companies Act 2016 ("CA 2016"), registered with the Registrar of Companies under Section 241 of the CA 2016, and hold practicing certificates issued by them.</p> <p>The Company Secretaries are vital for ensuring good governance as they support the Board and its Committees to operate effectively within their TOR and adhering to best practices. As a central source of information, the Company Secretaries provide guidance to the Board and its Committees on matters pertaining to compliance with laws, rules, procedures, and regulations impacting the Group. Their expertise extends to issues related to the Group's Constitution, the Malaysian Code of Corporate Governance ("MCCG"), the CA 2016, and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").</p> <p>Attending all Board and its Committees meetings, the Company Secretaries play a crucial role in ensuring the smooth functioning of governance processes. Their responsibilities encompass the provision of relevant information, ensuring the accuracy and adequacy of meeting materials, recording minutes and resolutions, and thoroughly documenting deliberations. By meticulously fulfilling these duties, they facilitate effective decision-making and accountability within the Group.</p> <p>Additionally, the Company Secretaries remain proactive in staying abreast of regulatory changes and developments in corporate governance. Through their participation in conferences, training programs, and continuous professional development initiatives mandated by the Companies Commission of Malaysia, they ensure that their knowledge and skills remain current and aligned with evolving regulatory standards.</p> <p>In summary, the Company Secretaries serve as indispensable pillars of support for the Board, providing invaluable guidance, ensuring compliance, and fostering a culture of accountability and transparency. Through their diligence, expertise, and commitment to ongoing</p>

	professional development, they uphold the highest standards of corporate governance, contributing significantly to the success and integrity of the Group.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board meets at least four (4) times in a financial year, with additional meetings scheduled as necessary. To facilitate effective planning, an annual meeting calendar is prepared and circulated to all Directors well in advance, enabling them to organise their schedules accordingly.</p> <p>The Notice of Board Meeting, Agenda, and Board Papers are provided in a timely manner, at least five (5) working days prior to the Board Meetings, to enable Directors to review these materials in advance and facilitate meaningful deliberations during each meeting.</p> <p>Upon conclusion of the meeting, the minutes of Board and its Committees meetings are prepared within a reasonable period. The draft minutes are then circulated to Board members prior to confirmation by the Chairman as a correct record.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter sets out among others the governance structure, authority, and TOR of the Board, its Committees, and management, ensuring alignment with best practices of MCCG.</p> <p>The Board Charter is vital for effective governance within the Group. It clarifies the roles, responsibilities, and authority of the Board, to enhance coordination and communication between the Board and management, and more specifically, to clarify the accountability of both the Board and management. By providing guidance for decision-making processes, and aligning with best practices, the Board Charter promotes consistency and integrity in Board practices. The establishment of a Board Charter improves Board effectiveness, facilitates stakeholder confidence, and ultimately contributes to the Group's long-term success and sustainability.</p> <p>The Board Charter is subject to review from time to time, and necessary amendments will be made to ensure its relevance, effectiveness, and alignment with the evolving needs and circumstances of the Group. This process involves a periodic assessment of the Board Charter's provisions to ensure they remain current, adequate, and reflective of best practices in corporate governance.</p> <p>The Board Charter is accessible through the Company’s website at www.daythree.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established the Code of Conduct and Ethics to promote good business conduct and maintain a healthy corporate culture that engenders integrity, transparency, and fairness throughout the Group. This policy articulates acceptable practices and guide the behaviour of Board and employees.</p> <p>All Directors and employees are required to strictly adhere to relevant laws and regulations. The Group unequivocally prohibits any form of unlawful or unethical behavior, including bribery, indirect contributions, and illegal payments. With a commitment to transparency, the Group upholds standards that exceed legal requirements. Consequently, all actions taken by Directors and employees must withstand public scrutiny and align with the laws and regulations governing the Group's operations.</p> <p>The Code of Conduct and Ethics is communicated to all Directors and employees upon their appointment or employment and is deemed to be part of the Terms and Conditions of Service.</p> <p>The Code of Conduct and Ethics is accessible through the Company's website at www.daythree.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is committed to upholding the highest standard of integrity, openness, and accountability in all its business endeavours. With the establishment of Whistleblowing Policy, employees, third parties, and stakeholders are provided with an avenue to report genuine concerns regarding illegal, unethical, or questionable practices, without fear of reprisal.</p> <p>The Board has the authority to change this policy at any time without notice, with updates communicated to all personnel.</p> <p>The Whistleblowing Policy is accessible through the Company’s website at www.daythree.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board diligently oversees the Group's strategic business plan, ensuring it aligns with long-term value creation and integrates strategies across economic, environmental, safety & health, social, and governance aspects vital for sustainability. Collaborating closely with management, the Board plays a pivotal role in governing sustainability within the Group and setting comprehensive strategies, priorities, and targets.</p> <p>The Board has established the Sustainability Statement, demonstrating an unwavering commitment to impactful practices that address the impact of operations on the local economy, environment, society, and governance. This Statement prioritizes sustainable development for the betterment of the community and stakeholders, while continually striving to enhance performance in these domains for a sustainable future.</p> <p>The Sustainability Statement is available in Daythree’s Annual Report 2023.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group acknowledges the importance of maintaining continuous communication with stakeholders for long-term success. Through regular engagement, valuable insights into their needs and expectations have been gained, enabling the Group to align sustainability initiatives accordingly. This ensures that the Group delivers value to society and effectively meets the expectations of stakeholders. The Sustainability Statement prioritises the interests of customers, employees, and investors. In essence, stakeholders play a crucial role in shaping new sustainability strategy and delivering broader value to society.</p> <p>The Sustainability Statement complies with the Bursa Securities Sustainability Reporting Guide, aligns with the recommended Global Reporting Initiatives (GRI) 4.0 Sustainability Reporting Guidelines, integrates with the United Nations Sustainable Development Goals (UN SDGs), and conforms to the Integrated Reporting (IR) framework.</p> <p>The Statement is disseminated to both internal and external stakeholders through its inclusion in Daythree’s Annual Report 2023.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board plays a pivotal role in shaping the Group's strategic direction by reviewing, approving, and overseeing the implementation of the strategic plan with a focus on objectivity and sustainability. Additionally, the Board oversees the development and execution of a stakeholder communications policy, ensuring transparent communication channels and the integration of stakeholder feedback into decision-making processes, while also ensuring the dissemination of sustainability initiatives and performance to all stakeholders.</p> <p>To ensure the effective discharge of its functions, Board members attended the Bursa Malaysia Mandatory Accreditation Programme required under Listing Requirements of Bursa Securities. This programme is thoughtfully designed to help directors understand the essential principles of good corporate governance, their fiduciary duties, as well as develop proficiency in emerging areas such as sustainability, stakeholder capitalism, and reputation and crisis management.</p> <p>Company Secretaries, as a central source of information, provide guidance to the Board and its Committees on matters pertaining to compliance with laws, rules, procedures, and regulations impacting the Group. Their expertise extends to issues related to the Group's Constitution, the MCGG, the CA 2016, and the Listing Requirements of Bursa Securities.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Daythree was newly listed on the ACE Market of Bursa Securities on 26 July 2023. Performance evaluations of the Board have been conducted, while an analysis to define the standards for the performance evaluations of the KSM in addressing material sustainability risks and opportunities will be conducted.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nominating Committee ("NC") plays a vital role in supporting the Board by overseeing the nomination process for new directors and conducting consistent evaluations of the Board's structure, size, and composition. Annual assessments are carried out to gauge the overall effectiveness of the Board, its Committees, and the performance of individual directors.</p> <p>As part of its duties, the NC conducts thorough reviews of each Director's tenure, assessing their contributions and performance. Following the annual evaluation, the NC determined that the retiring Directors had performed satisfactorily. Consequently, recommendations were made to the Board regarding their re-election at the forthcoming Second Annual General Meeting ("2nd AGM").</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Applied																
Explanation on application of the practice	:	<p>The Board acknowledges the significance of having at least half of its members as Independent Directors to uphold decision-making objectivity and prevent single-party dominance within the Group. Independent Directors offer unbiased judgment, experience, and objectivity, ensuring protection of shareholder interests and fair deliberation of pertinent matters.</p> <p>The composition of the Board as of 31 December 2023 is as follows:</p> <table border="1"> <thead> <tr> <th>Designation</th> <th>Number of Directors</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Executive Director ("ED")</td> <td>2</td> <td>25</td> </tr> <tr> <td>Non-Independent Non-Executive Director ("NINED")</td> <td>2</td> <td>25</td> </tr> <tr> <td>Independent Non-Executive Director ("INED")</td> <td>4</td> <td>50</td> </tr> <tr> <td>Total</td> <td>8</td> <td>100%</td> </tr> </tbody> </table> <p>As of 31 December 2023, 50% of the Board comprises Independent Directors.</p>		Designation	Number of Directors	Percentage (%)	Executive Director ("ED")	2	25	Non-Independent Non-Executive Director ("NINED")	2	25	Independent Non-Executive Director ("INED")	4	50	Total	8	100%
Designation	Number of Directors	Percentage (%)																
Executive Director ("ED")	2	25																
Non-Independent Non-Executive Director ("NINED")	2	25																
Independent Non-Executive Director ("INED")	4	50																
Total	8	100%																
Explanation for departure	:																	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																		
Measure	:																	
Timeframe	:																	

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter adopts the recommendations of the MCCG regarding the tenure of directorship. The tenure of an independent director shall not exceed a term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board as a non-independent director. In the event the Board intends to retain an independent director beyond nine (9) years, annual shareholders' approval through a two-tier voting process is required.</p> <p>As at the date of this Report, none of the Independent Directors have exceeded the nine-year term limit.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.4 - Step Up

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

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board aims to achieve a well-balanced and diverse composition by ensuring that its members possess the necessary knowledge, skills, qualifications, and experience to effectively contribute to its functions. When considering new appointments, the Board prioritises candidates who align with established criteria, merit, and various factors, including skills, experience, age, cultural background, and gender, to enhance the Board's composition and better fulfil the Group's objectives and strategic goals.</p> <p>To ensure the Group is led by individuals of integrity, credibility and competency, the Board and NC have adopted the Fit and Proper Policy. Before appointing any individual as a key management personnel, it is imperative to assess whether they meet the criteria outlined in the policy. These criteria include:</p> <ul style="list-style-type: none"> (a) Character and Integrity (b) Experience and Competence (c) Time and Commitment
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC supports the Board by overseeing the nomination process for new directors, conducting regular evaluations of the Board's structure, size, and composition, assessing the effectiveness of the Board and its Committees, and reviewing the performance contributions of individual Directors.</p> <p>The NC advises the Board on the selection criteria for new Directors as outlined in Fit and Proper Policy. This includes evaluating factors such as required skills, expertise, professionalism, integrity, collaborative abilities, diversity, external commitments, and the capacity to fulfil responsibilities, to ensure an effective and well-rounded Board composition.</p> <p>The ultimate decision for nominating new Directors lies with the Board, informed by the recommendation provided by the NC.</p> <p>The Board will utilise a variety of independent sources such as industry and professional associations, as well as independent search firms, to identify suitably qualified candidates, if required. If the selection of candidates is based on recommendations made by existing Directors, management, or major shareholders, the NC will explain why independent sources were not used.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The profile of individual Directors is set out in the Daythree's Annual Report. Furthermore, a Statement included in the Explanatory Notes accompanying the Notice of Annual General Meeting ("AGM") provides the Board's recommendation for the re-election of retiring Directors, ensuring shareholders have the necessary information to make an informed decision.</p> <p>Details of Directors standing for re-election are provided in the Daythree's Annual Report 2023 and the Notice of 2nd AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The NC is chaired by Pn Azlina Binti Abdullah, an Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied		
Explanation on application of the practice	:	The demographic of the Board as of 31 December 2023 in terms of gender was as follows:		
		Gender	Number of Directors	Percentage (%)
		Male	5	62.5
		Female	3	37.5
		Total	8	100%
As of 31 December 2023, 37.5% of the Board comprises female.				
Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:			

Intended Outcome

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

Practice 5.10

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

Application	:	Applied																										
Explanation on application of the practice	:	<p>The Group is committed to maintaining at least 30% women Directors, in line with the recommendations of MCCG, despite the absence of a written policy on gender diversity.</p> <p>The demographic of the Board and KSM as of 31 December 2023 in terms of gender was as follows:</p> <table border="1"> <thead> <tr> <th>Gender</th> <th>Number of Directors</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>5</td> <td>62.5</td> </tr> <tr> <td>Female</td> <td>3</td> <td>37.5</td> </tr> <tr> <td>Total</td> <td>8</td> <td>100.0</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Gender</th> <th>Number of KSM</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>3</td> <td>60.0</td> </tr> <tr> <td>Female</td> <td>2</td> <td>40.0</td> </tr> <tr> <td>Total</td> <td>5</td> <td>100.0</td> </tr> </tbody> </table> <p>As of 1 March 2024, 37.5% of the Board comprises female and 40% of KSM comprises female.</p>			Gender	Number of Directors	Percentage (%)	Male	5	62.5	Female	3	37.5	Total	8	100.0	Gender	Number of KSM	Percentage (%)	Male	3	60.0	Female	2	40.0	Total	5	100.0
Gender	Number of Directors	Percentage (%)																										
Male	5	62.5																										
Female	3	37.5																										
Total	8	100.0																										
Gender	Number of KSM	Percentage (%)																										
Male	3	60.0																										
Female	2	40.0																										
Total	5	100.0																										
Explanation for departure	:																											
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																												
Measure	:																											
Timeframe	:																											

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: The NC supports the Board in conducting assessments to evaluate the overall effectiveness of the Board, its Committees, and individual Directors, ensuring their effectiveness and contribution. In March 2024, the following annual evaluations were conducted with the assistance of Company Secretaries: (a) Overall Effectiveness of the Board and Board Committees (b) Director Self and Peer Evaluation (c) Term of Office and Performance of the ARMC Following the annual evaluation, the NC expresses satisfaction with the performance of individual Directors, the effectiveness of the Board and its Committees, and performance of the ARMC and its members.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee (“RC”) assists the Board in determining and recommending the general remuneration packages for Directors and KSM. It is responsible for ensuring fair compensation for ED and KSM, aligning with their contributions to overall performance, business strategy, and long-term objectives, and ensuring that the compensation remains competitive within the industry.</p> <p>Annually, the RC reviews and recommends adjustments to the performance-based compensation of ED and KSM. It establishes goals, objectives, and key performance indicators for ED, reviewing their performance against these metrics. It also ensures that the remuneration packages and benefits for INED do not compromise their objectivity and independence.</p> <p>The Directors’ fees and meeting allowances for Non-Executive Directors (“NED”) are reviewed and determined by the Board upon the recommendations of the RC, subject to shareholders’ approval at the AGM of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied																		
Explanation on application of the practice	:	<p>The RC consists of the following three (3) members:</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Designation</th> <th>Directorship</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Woon Tai Hai</td> <td>Chair</td> <td>INED</td> </tr> <tr> <td>2.</td> <td>Azlina Binti Abdullah</td> <td>Member</td> <td>INED</td> </tr> <tr> <td>3.</td> <td>Gan Jhia Jhia</td> <td>Member</td> <td>NINED</td> </tr> </tbody> </table> <p>The duties and responsibilities of the RC are as follows:</p> <ul style="list-style-type: none"> (a) to assist the Board in determining the remuneration of ED and KSM; (b) to review the performance of Directors and KSM annually, and recommend to Board specific adjustments in remuneration and/or reward payments to be approved at a general meeting; (c) to establish ED's goals, objectives, and key performance indicators; (d) to review ED's performance against the goals, objectives, and key performance indicators set; (e) to ensure that the remuneration packages and benefits for INED do not conflict with their obligations to bring objective and independent judgement to the Board; and (f) to assist the Board in discharging their responsibilities, including but not limited to compensation strategy, management development, and other compensation arrangements. <p>The TOR for RC is accessible through the Company's website at www.daythree.com.</p>			No.	Name	Designation	Directorship	1.	Woon Tai Hai	Chair	INED	2.	Azlina Binti Abdullah	Member	INED	3.	Gan Jhia Jhia	Member	NINED
No.	Name	Designation	Directorship																	
1.	Woon Tai Hai	Chair	INED																	
2.	Azlina Binti Abdullah	Member	INED																	
3.	Gan Jhia Jhia	Member	NINED																	
Explanation for departure	:																			

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The Directors' remuneration on named basis has been disclosed in this Report.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Ting Heng Peng	Independent Director	26	-	-	-	-	-	26	26	-	-	-	-	-	26
2	Paul Raymond Raj A/L Davadass	Executive Director	15	-	-	-	-	-	15	15	-	492	-	-	65	572
3	Prabakaran A/L Chilatorai	Executive Director	15	-	-	--	-	-	15	15	-	312	52	-	48	427
4	Gan Jhia Jhia	Non-Executive Non-Independent Director	26	-	-	-	-	-	26	22	-	-	-	-	-	22
5	Syed Izmi Bin Syed Kamarul Bahrin	Non-Executive Non-Independent Director	26	-	-	-	-	-	26	22	-	-	-	-	-	22
6	Azlina Binti Abdullah	Independent Director	26	-	-	-	-	-	26	26	-	-	-	-	-	26
7	Leong Chooi Kuen	Independent Director	26	-	-	-	-	-	26	26	-	-	-	-	-	26
8	Woon Tai Hai	Independent Director	26	-	-	-	-	-	26	26	-	-	-	-	-	26
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
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Intended Outcome

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board deems disclosing KSM's remuneration on a named basis detrimental due to market competition, advocating for maintaining confidentiality.	
		As an alternative, KSM's compensation is anonymously presented in bands of RM50,000 as follows:	
		Remuneration Package	Number of KSM
		RM150,001 – RM200,000	1
		RM200,001 – RM250,000	1
		RM250,001 – RM300,000	-
		RM300,001 – RM350,000	2
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.

The company's financial statement is a reliable source of information.

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	Ms Leong Chooi Kuen serves as the Chair of the ARMC, while Dato' Ting Heng Peng assumes the role of the Chairman of the Board. Ms Leong Chooi Kuen is a member of the Malaysian Institute of Accountants.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	A mandatory three (3) years cooling-off period for former key audit partners before joining the ARMC enhances transparency, integrity, and effectiveness in oversight functions regarding financial reporting, internal controls, and risk management. By enforcing this cooling-off period, potential conflicts of interest are mitigated, ensuring the independence and objectivity of the ARMC's oversight functions, thereby upholding good governance practices, and fostering public trust in the Group's financial reporting and oversight mechanisms. Presently, none of the members of the ARMC are former audit partners of external audit firms that serviced the Group.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The ARMC ensures transparency, integrity, and accountability within the Group to safeguard shareholders' rights and interests. They conduct annual assessments of external auditors' competencies, objectivity, and independence, and evaluate their suitability for nomination, appointment, re-appointment, and any issues concerning resignation or dismissal. Additionally, the ARMC diligently reviews audit plans, reports, evaluations of internal controls, and addresses audit-related matters, including management responses and any concerns raised by external auditors. They also oversee the provision of non-audit services by external auditors, ensuring safeguards against conflicts of interest. The ARMC facilitates dialogue with external auditors independently of management when necessary.</p> <p>In 2023, the ARMC held one (1) meeting with External Auditors to discuss relevant issues and gather feedback for improvement. External Auditors will be invited to Daythee's 2nd AGM to address any shareholder concerns regarding the audited financial statements for F2023. The ARMC reviewed and endorsed the External Auditors' written assurance of their independence throughout FY2023, affirming their commitment to upholding rigorous standards of financial reporting integrity.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted																
Explanation on adoption of the practice	:	<p>The ARMC consists of the following three (3) members:</p> <table border="1"><thead><tr><th>No.</th><th>Name</th><th>Designation</th><th>Directorship</th></tr></thead><tbody><tr><td>1.</td><td>Leong Chooi Kuen</td><td>Chair</td><td>INED</td></tr><tr><td>2.</td><td>Azlina Binti Abdullah</td><td>Member</td><td>INED</td></tr><tr><td>3.</td><td>Woon Tai Hai</td><td>Member</td><td>INED</td></tr></tbody></table> <p>Currently, all the ARMC members are INED.</p>	No.	Name	Designation	Directorship	1.	Leong Chooi Kuen	Chair	INED	2.	Azlina Binti Abdullah	Member	INED	3.	Woon Tai Hai	Member	INED
No.	Name	Designation	Directorship															
1.	Leong Chooi Kuen	Chair	INED															
2.	Azlina Binti Abdullah	Member	INED															
3.	Woon Tai Hai	Member	INED															

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	All the ARMC members are financially literate and possess the necessary skills to discharge their duties and responsibilities effectively. The Chair of ARMC, Ms Leong Chooi Kuen is a member of the Malaysian Institute of Accountants. The qualifications and experience of ARMC members are disclosed in the Directors' Profile of Daythree's Annual Report 2023, and that the training programs attended by the ARMC in 2023 are disclosed in the Corporate Governance Overview Statement of the same report.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter clearly outlines the duties and responsibilities of the Board, identifying principal risks, establishing risk appetite, and ensuring implementation of effective internal controls and mitigation measures to manage operational, financial, and regulatory risks within the Group's businesses.</p> <p>The Board is supported by ARMC with accounting and financial reporting, ensuring compliance with the relevant rules and regulations; and managing principal risks through appropriate systems and risk assessment processes within the Group.</p> <p>Detailed information on the Group’s risk management and internal controls framework is presented in the Statement of Risk Management and Internal Control (“SORMIC”) of Daythree’s Annual Report 2023.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has disclosed the features, adequacy and effectiveness of its risk management and internal controls framework in the SORMIC of Daythree's Annual Report 2023. The SORMIC, reviewed by the external auditors, provide an overview of the state of risk management and internal control within the Group.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted			
Explanation on adoption of the practice	:	The ARMC consists of the following three (3) members:			
		No.	Name	Designation	Directorship
		1.	Leong Chooi Kuen	Chair	INED
		2.	Azlina Binti Abdullah	Member	INED
		3.	Woon Tai Hai	Member	INED
		Currently, all the ARMC members are INED.			

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The ARMC ensures transparency, integrity, and accountability within the Group to safeguard shareholders' rights and interests. They review the adequacy of the internal audit scope, functions, competency, and resources, ensuring the internal audit function has the necessary authority to execute its duties effectively. Additionally, the ARMC oversees the internal audit plan, processes, and assessment results, and recommendations, ensuring appropriate actions are taken. They maintain direct communication channels with internal auditors and convene meetings independently, excluding executive board members, when necessary, to facilitate effective oversight.</p> <p>Through their diligent oversight, the ARMC ensures the internal audit function operates with effectiveness and efficiency. By reviewing audit plans, results, and performance assessments, they ensure proper governance and adherence to standards. Their direct communication and independent meetings with internal auditors foster transparency and accountability, ultimately serving to safeguard shareholders' interests and uphold the Group's integrity.</p> <p>Detailed information on the Group's internal controls is presented in the SORMIC of Daythree's Annual Report 2023.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group outsource the internal audit function to Talent League Sdn Bhd (“TL”) to provide the internal audit services for the Group. TL is headed by its Executive Director, Mr Roy Thean Chong Yew, who is a member of Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, and Institute of Internal Auditors Malaysia. He has over twenty-two (22) years of audit experience.</p> <p>The number of staff deployed for the internal audit reviews will be four (4) staff. They will perform their works in accordance with a recognised framework such as the International Professional Practices Framework for Internal Auditing by the Institute of Internal Auditors. The internal audit function adopts a risk-based approach and prepares its audit strategy and plans based on the risk profiles of individual business unit of the Group.</p> <p>All the internal audit personnel involved are free from any relationship or conflict of interest which could impair their objectivity and independence during the internal audit review.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group places a strong emphasis on communicating with stakeholders by promptly releasing announcements and disclosures to Bursa Securities. These include quarterly financial results, material contracts, and other crucial information vital for investor decision-making. The Group actively encourages shareholder participation at general meetings and extends invitations to external auditors to attend Group's AGM, offering shareholders opportunity to address audit-related queries.</p> <p>Furthermore, the Group maintains a comprehensive repository of Group-related information at the Group's website, www.daythree.com, ensuring easy access to information for stakeholders. This includes summaries of investor relation activities and media releases, promoting transparency and enabling shareholders to stay informed about the Group's operations. These initiatives underscore the Group's commitment to transparent communication, fostering trust and accountability within its stakeholders' community.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 2nd AGM of the Group is scheduled to be held on 29 May 2024, with the Notice of the 2nd AGM to be provided to shareholders at least 28 days in advance. This Notice outlines the resolutions to be tabled during the meeting, accompanied by explanatory notes and background information where applicable, ensuring clarity on the resolutions, and enable the shareholders to make informed decisions when exercising their voting right.</p> <p>Shareholders will receive notifications containing the details of the 2nd AGM, along with access to the Group's Annual Report 2023, Notice of the 2nd AGM, and Proxy Form on the Group's website, www.daythree.com, facilitating easy access to relevant information prior to the meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Daythree was newly listed on the ACE Market of Bursa Securities on 26 July 2023. The 2nd AGM will be virtually held on 29 May 2024, marking the Group's 1st AGM after its listing on Bursa Securities.</p> <p>All Directors and the Chairperson of the Board and Board Committees will attend the forthcoming 2nd AGM to provide meaningful response to questions raised by the shareholders at the general meeting.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Group shall enhance shareholder engagement by leveraging technology for remote participation and electronic voting during the AGM, ensuring efficient conduct of poll on outlined resolutions. Additionally, shareholders unable to attend the AMG may appoint proxies to vote on their behalf, facilitating broader shareholder representation in decision-making processes.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	The shareholder will have the opportunity to submit their questions electronically through the online platform provided by the Poll Administrator, using the query box to transmit questions to the Board via Remote Participation and Voting facilities during the live streaming of the 2nd AGM. The Board will strive to address all questions posed by the shareholders.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	The Board shall ensure the necessary infrastructure and tools are in place to support the seamless broadcast of live streaming during the 2nd AGM, facilitating interactive participation by shareholders. Effort will be made to address all questions posed by the shareholders, with response visible to all meeting participants during the meeting itself.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: Daythree was newly listed on the ACE Market of Bursa Securities on 26 July 2023. The 2nd AGM will be virtually held on 29 May 2024, marking the Group's 1st AGM after its listing on Bursa Securities. The Group commits to making the Minutes of its 2nd AGM available to shareholders no later than 30 business days after the meeting. These Minutes will be published on the Group's website at www.daythree.com for easy access by stakeholders.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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