

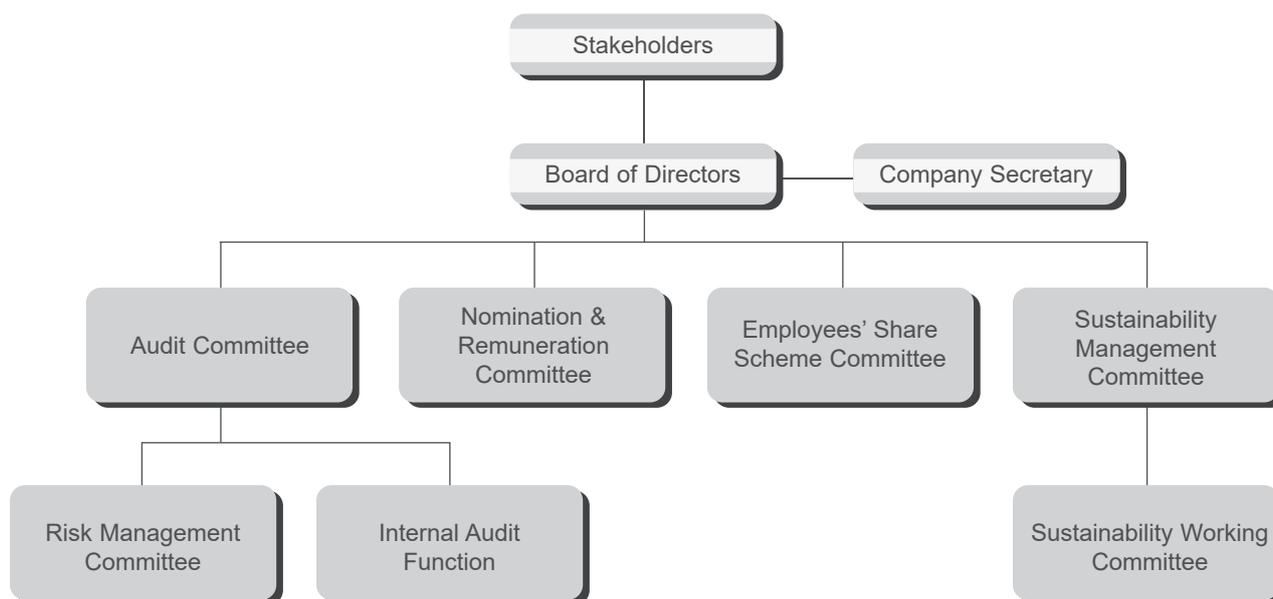
Corporate Governance Overview Statement

The Board of Directors of RCE Capital Berhad (“RCE” or “the Company”) recognises the importance of safeguarding and promoting the interests of shareholders. The Board believes a sound and robust corporate governance framework is crucial for mitigating risks, fostering ethical business practices, and ensuring sustainability and continuous business growth. Throughout the financial year 2024, the Board maintained its dedication to fortifying resilience through effective stewardship, with an unwavering commitment to upholding good corporate governance value by continuously advocating transparency, accountability, integrity and responsibility to enhance long-term shareholders’ value and safeguarding the interests of stakeholders.

The Board is pleased to present this Corporate Governance Overview Statement (“Statement”) to provide shareholders and investors with an overview of the corporate governance practices of the Company under the leadership of the Board during the financial year ended 31 March 2024. The overview takes guidance from the three (3) key corporate governance principles as set out in the Malaysian Code on Corporate Governance (“Code”).

This Statement is prepared in compliance with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and shall be read in tandem with the Corporate Governance Report (“CG Report”) of the Company, which provides the details on how the Company has applied each practice as set out in the Code. The CG Report is available on the Company’s website at www.rce.com.my.

The governance structure of RCE is as follows:



PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Group is helmed by an effective and experienced Board with diverse professional backgrounds, each bringing a wealth of experience, skills and expertise. The Board holds overall responsibility for promoting the sustainable growth and financial soundness of the Group.

The Directors are aware of their responsibilities to shareholders and stakeholders for creating and delivering sustainable value and long-term success through the Board’s leadership and management of the Group’s business.

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The Directors together as a team, set the values and standards of the Company and ensure that the Group's business is properly managed to safeguard the Group's assets and shareholders' investment.

The Board acknowledges the importance of having clear roles for the Chairman of the Board and the Chief Executive Officer ("CEO") to ensure optimal balance, better decision-making and accountability. The positions of the Chairman and the CEO are therefore held by different individuals with clear and distinct roles, which are formally documented in the Board Charter. The Board Charter, which is available on the Company's website at www.rce.com.my also sets out, amongst others, the role, functions, composition, operation and processes of the Board and the responsibilities of the individual Directors, Independent Directors and Company Secretary. The Board Charter is reviewed as and when required in order to be aligned with the practices recommended in the Code, the Listing Requirements, relevant laws and regulations as well as current practices.

The Chairman leads the Board by setting the tone at the top, and managing the Board effectiveness by focusing on strategy, governance and compliance. The Board's principal focus is the overall strategic direction, development and control of the Group. In support of this focus, the Board maps out and reviews the Group's medium and long-term strategic plans on an annual basis, so as to align the Group's business directions and goals with the prevailing economic and market conditions. The Board provides guidance and input to Management and also reviews Management's performance and ensures that necessary financial and human resources are available to meet the Group's objectives. The Board's other main duties include regular oversight of the Group's business performance, and ensuring that the internal controls and risk management processes of the Group are well in place and are implemented consistently to safeguard the assets of the Group. The Board also remains cognisant of the need for sustainable practices to manage the economic, environmental and social impact to address the long-term interest of the stakeholders.

The Board entrusts the CEO with managing the Group's day-to-day operations, supported by the senior management team, in ensuring that the Group operates within a framework of prudent and effective controls under the Board's guidance. The CEO is accountable for the execution of policies and strategies set by the Board to achieve the Group's corporate goals. Management provides relevant information to the Board in a concise and timely manner to enable the Board to make informed decisions and discharge its duties effectively.

The Directors are mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills. Each Director is expected to devote sufficient time to carry out their role as Directors and members of the Board Committees, if applicable, apart from attending Board and Board Committees meetings, general meetings and Directors' training. Nevertheless, the Board also recognises that Directors may hold external directorships and other outside business interests, which can bring valuable perspectives to the Group.

In fostering time commitment from the Directors, they are required to notify the Chairman before accepting any new directorship in other public listed companies and such notification shall include an indication of time that will be spent on the new appointment. In accepting such appointment, the Directors shall take into consideration the time spent on the new appointment to enable them to devote sufficient time to carry out their duties to the Company and to ensure that the additional appointment will not have any impact to their commitment and their roles in the Company. The Directors shall seek guidance from the Chairman of the Board if there is any potential conflict of interest and shall upon appointed, notify the Company Secretary who shall inform the Chairman and other Board members accordingly. None of the Directors of the Company serve in more than five (5) listed companies and the CEO of the Company does not serve as a director in other listed companies.

The Directors are also required to notify the Company as and when they are appointed to other boards and provide the updates on their directorships and shareholdings in other companies on a quarterly basis.

The Board is of the view that, save as disclosed, the current external directorships held by the Directors of the Company do not give rise to any conflict of interest. When a conflict of interest arises, the Directors will abstain from the relevant deliberations and votings to ensure their ability to discharge their duties is not impaired. Moreover, each Director is able to discern an appropriate amount of time to commit to the Company without it being formally regulated. The Board believes that the provisions of the Companies Act 2016 ("Act") and the Listing Requirements of Bursa Securities are sufficient to ensure adequate commitment from Directors to perform their duties.

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The Board meets at least four (4) times annually with additional meetings convened as and when deemed necessary. During the financial year, the Board met four (4) times with the presence of the senior management where it deliberated, reviewed and considered a variety of matters including the Group's financial results, budget and strategy, operations and corporate development of the Group, dividend guidance, declaration of dividends, solvency position of the Company for dividends and share buyback, sustainability matters, corporate governance practices, corporate proposals and strategic issues that affect the Group's business operations.

Board meetings are of sufficient duration to ensure adequate analysis and deliberation for effective decision-making. The Board decisions made shall be by a majority as prescribed under the Constitution of the Company. Where a potential conflict of interest arises, it is mandatory for the Directors concerned to declare their interests and abstain from the deliberation and decision-making process. In the event where a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting, in respect of their shareholdings in the Company, on the resolution relating to the corporate proposal, and will further undertake to ensure that person(s) connected to them similarly abstain from voting on the resolution.

In the intervals between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions which are supported with all relevant information and explanations to enable the Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation at the next Board meeting.

Details of attendance of Directors at the Board meetings held during the financial year are as follows:

Name of Directors	No. of Meetings Attended	Percentage of Attendance (%)
Shahman Azman	4/4	100
Tan Sri Mazlan Mansor	3/4	75
Datuk Mohamed Azmi bin Mahmood	4/4	100
Thein Kim Mon	4/4	100
Azura binti Azman (<i>Appointed on 1 December 2023</i>)	1/1 [#]	100
Shalina Azman	4/4	100
Soo Kim Wai	4/4	100
Lum Sing Fai	4/4	100
Mahadzir bin Azizan (<i>Resigned on 30 October 2023</i>)	2/2 [^]	100

Notes:

[#] Reflects the number of meetings held during the financial year following her appointment as Director

[^] Reflects the number of meetings held during the financial year prior to his resignation as Director

All Directors have more than adequately complied with the minimum requirements on attendance at Board meetings as stipulated under the Listing Requirements of Bursa Securities (minimum 50% attendance).

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is demonstrated by amongst others, the attendance and time spent at the Board and Board Committees meetings by the Directors during the financial year.

To aid in fulfilling its duties, the Board has delegated certain responsibilities to the Board Committees, namely Audit Committee, Nomination & Remuneration Committee, Employees' Share Scheme Committee and Sustainability Management Committee. These Committees are pivotal in reviewing matters within their own defined terms of reference approved by the Board, and in keeping the Board efficient. They report to the Board on matters considered and their recommendations thereon. At all times, the Board has collective oversight over the Board Committees.

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The Board Committees exercise transparency and full disclosure in their proceedings. The Board is kept apprised of the activities and the decisions of the Board Committees through the circulation of the minutes of the meetings of the Board Committees and updates by the chairman of the respective Board Committees. The ultimate responsibility for the final decision on all matters however, lies with the Board.

■ Audit Committee

The Audit Committee's principal role is to monitor the integrity of financial statements, risk management and internal controls, effectiveness of external and internal audit processes, and to review conflict of interests and related party transactions, if any. Further details are disclosed under Principle B: Effective Audit and Risk Management in this Statement.

■ Nomination & Remuneration Committee

The Nomination & Remuneration Committee ("N&R Committee")'s primary role is to assist the Board in reviewing the appropriateness of its structure, size and composition, and evaluating the performance and effectiveness of the Board, its Committees, the individual Directors and CEO. It also supports the Board in assessing all elements of the remuneration for Directors and CEO.

The N&R Committee comprises exclusively Non-Executive Directors, a majority of whom are Independent Directors and meets at least once in a financial year and whenever required.

During the financial year ended 31 March 2024, the N&R Committee held two (2) meetings with the full attendance of the N&R Committee members as follows:

Name	No. of Meetings Attended	Percentage of Attendance (%)
Datuk Mohamed Azmi bin Mahmood	2/2	100
Tan Sri Mazlan Mansor	N/A [#]	N/A [#]
Shalina Azman	2/2	100
Mahadzir bin Azizan	1/1 [^]	100

Notes:

[#] No meeting was held during the financial year after his appointment as member of the N&R Committee on 1 December 2023

[^] Reflects the number of meetings held during the financial year prior to his resignation on 30 October 2023

The N&R Committee had carried out the following activities during the financial year:

- reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;
- reviewed and assessed the contribution and performance of each individual Director, CEO, and the effectiveness of the Board and the Board Committees;
- reviewed and assessed the independence of the Independent Directors;
- reviewed the Directors who were due for retirement at the Company's 69th Annual General Meeting ("AGM") to determine whether to recommend their re-election;
- reviewed the remuneration package of the CEO;
- reviewed the performance of the Audit Committee and each of its members;
- reviewed the training courses attended by the Directors and assessed their training needs;
- reviewed and recommended the Directors' fees for the financial year ended 31 March 2023;
- reviewed and recommended the Directors' benefits for the Non-Executive Chairman and Non-Executive Directors of the Company;
- reviewed the background, skills and experience of potential candidates to be appointed as Independent Non-Executive Director of the Company; and
- reviewed Board and Board Committees appointment.

The terms of reference of the N&R Committee is available at the Company's website at www.rce.com.my.

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■ Employees' Share Scheme ("ESS") Committee

The ESS Committee was established to assist the Board in administering the Company's ESS in accordance with the By-Laws governing and constituting the ESS as approved by the shareholders.

During the financial year ended 31 March 2024, the ESS Committee held two (2) meetings with the full attendance of the ESS Committee members as follows:

Name	No. of Meetings Attended	Percentage of Attendance (%)
Soo Kim Wai	2/2	100
Shalina Azman	2/2	100
Lum Sing Fai	2/2	100
Loh Kam Chuin (<i>Chief Executive Officer</i>)	2/2	100

The ESS Committee reviewed and recommended the fourth grant of options under the Employees' Share Option Scheme to the employees of the Group during the financial year.

■ Sustainability Management Committee

RCE recognises the importance of sustainability and environmental, social and governance (ESG) matters, and their associated risks and opportunities for the Group. The Board is responsible to ensure that RCE has in place appropriate sustainability strategies which are aligned with the Company's strategic direction to support the Group's long-term objectives.

The Board is supported by a Sustainability Management Committee ("SMART") which is responsible to assist the Board in administering and overseeing the development and implementation of the Group's sustainability strategies.

During the financial year ended 31 March 2024, SMART held one (1) meeting with the full attendance of the SMART members as follows:

Name	No. of Meeting Attended	Percentage of Attendance (%)
Shahman Azman	1/1	100
Shalina Azman	1/1	100
Loh Kam Chuin (<i>Chief Executive Officer</i>)	1/1	100
Johnson Yap Choon Seng (<i>Group Chief Financial Officer</i>)	1/1	100
Oon Hooi Khee (<i>Chief Business Officer</i>)	1/1	100

SMART, supported by a Sustainability Working Committee, diligently executed numerous sustainability initiatives and activities throughout the financial year. As a testament to RCE's commitment towards conservation of environmental, corporate social responsibility and the practice of good corporate governance, the Company has been included as a constituent of FTSE4Good Bursa Malaysia Index since 2020. Further information on RCE's approach to sustainability are disclosed in the Sustainability Statement in this Annual Report.

The Board is supported by suitably qualified Company Secretaries who are experienced, competent and knowledgeable. They provide advisory services to the Board and its Committees on issues relating to corporate governance matters, compliance with laws, rules, procedures and regulations affecting the Group. Each Director has unrestricted access to the advice and services of the Company Secretaries to ensure effective functioning of the Board and Board Committees, and adherence to Board policies and procedures at all times.

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The Board acknowledges its role in establishing a corporate culture with uncompromising ethical conduct. In line with this principle, the Board has adopted a Directors' Code of Conduct and Ethics which sets out the fundamental guiding principles and standards of behaviour that are expected of the Directors in carrying their duties and discharging their responsibilities to the highest standards of personal integrity and professionalism. The Board also takes cognisance of the requirements under the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries issued by the Securities Commission Malaysia.

The Group continues to be committed in promoting the values of integrity and intolerance towards any form of bribery/corrupt practices throughout the organisation. An Anti-Bribery and Corruption Policy was adopted which requires the Directors, employees and business partners to uphold the highest standards of business ethics by not engaging in any form of corruption, bribery, fraud or facilitation payments. The Board has also adopted the Anti-Money Laundering and Counter Financing Terrorism Policies & Procedures which sets out the guidelines for compliance with relevant regulatory requirements concerning the prevention, detection and protection to the Group from money laundering, terrorism financing or other criminal activities.

The Group has also put in place a Code of Conduct for Business Partners as a guidance to its business partners on their conduct of business with the Group and had communicated the same to the business partners.

During the financial year, the Group engaged an independent international advisory firm to conduct a comprehensive review of its anti-bribery and anti-corruption framework, focusing on compliance and governance. Subsequent thereto, the Code of Conduct for Business Partners and Anti-Bribery and Corruption Policy were reviewed and revised to strengthen oversight and compliance procedures. In addition, RCE's Anti-Money Laundering and Counter Financing Terrorism Policies & Procedures were reviewed and updated to reflect consistency with current practice.

Additionally, the Group in its effort to enhance corporate governance has also 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, discrimination or adverse consequences. Confidentiality of the matters raised and the identity of the whistle blowers are protected under the policy. The detailed whistleblowing mechanism prescribed in the Whistleblowing Policy had been mapped into a process flowchart. Whilst reviewing the anti-bribery and anti-corruption framework, the independent international advisory firm also reviewed the Whistleblowing Policy of the Group. Consequently, the Whistleblowing Policy was revised to enhance reporting guidelines.

The Directors' Code of Conduct and Ethics, Anti-Bribery and Corruption Policy, Code of Conduct for Business Partners and the Whistleblowing Policy together with the details of the whistleblowing reporting channels are accessible on the Company's website at www.rce.com.my.

The Board recognises the importance of continuous education and training in expanding perspectives and staying updated on industry developments, global markets, regulatory changes, and management strategies to enhance the Directors' skills and knowledge in discharging their stewardship duties and responsibilities. Directors regularly attend various seminars, training and external professional programmes which they individually considered relevant and useful to further enhance their business acumen and professionalism. In addition, Directors are also invited to attend in-house training organised by the Company and conducted by external consultants for the Directors and employees of the Group.

The Company Secretary keeps Directors informed of relevant external training programmes. All internal and external training programmes attended by Directors are recorded and maintained by the Company Secretary, which will be tabled to the N&R Committee and the Board for notation on a half-yearly basis, to assist the N&R Committee and the Board on the evaluation and determination of the Directors' training needs.

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The external conferences/workshops and internally organised programmes attended by the Directors during the financial year were as follows:

Director	Course Attended
Shahman Azman	<p>Singapore Institute of Directors - ESG and Climate Governance: What Directors Need to Know</p> <p>KPMG Asia Pacific Board Leadership Centre Webinar - 2023 Board and Audit Committee Priorities</p> <p>Generative AI - An Opportunity or Risk?</p> <p>Singapore Institute of Directors - Challenges faced by SMEs in ESG integration</p> <p>Business Valuation Methods and Applications</p> <p>Singapore Institute of Directors - Beyond the 9-Year Rule: How Nominating Committees Can Transform Governance</p> <p>National Budget 2024 Review and Updates</p> <p>MACC Act Section 17A - Dealing With Corporate Liability on the Company and Deemed Personal Liability on Directors & Senior Management</p> <p>Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</p> <p>Climate Change & Carbon Footprint - Getting the Right Financial Risk & Reporting Perspectives</p> <p>Singapore Institute of Directors - Open AI: Early Lessons and Issues for Board Directors</p> <p>Knowing your "ABC" Standard (Anti-Bribery & Corruption)</p> <p>Understanding Diversity Equity and Inclusion</p> <p>Bulk create your contents in AI in 15 minutes</p> <p>Singapore Institute of Directors - The Board's Role in Talent Management</p> <p>Singapore Institute of Directors - SMU Directorship Programme Preview Session</p>
Tan Sri Mazlan Mansor	<p>MACC Act Section 17A - Dealing With Corporate Liability on the Company and Deemed Personal Liability on Directors & Senior Management</p>
Datuk Mohamed Azmi bin Mahmood	<p>Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees</p> <p>MACC Act Section 17A - Dealing With Corporate Liability on the Company and Deemed Personal Liability on Directors & Senior Management</p>
Thein Kim Mon	<p>Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers</p> <p>MACC Act Section 17A - Dealing With Corporate Liability on the Company and Deemed Personal Liability on Directors & Senior Management</p>

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Director	Course Attended
Azura binti Azman	Mandatory Accreditation Programme (MAP) Training on ESG Awareness and Trends in ESG Reporting Capital Market Director Programme Board's Role in Liquidity Risk Management and Board's Role in Asset-Liability Management (ALM) ESG Gap Analysis and Awareness on ABMS MS ISO 37001:2016 Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees
Shalina Azman	Ikhlas Capital & Ancora Group Joint Annual Conference 2023 National Budget 2024 Review and Updates
Soo Kim Wai	EY C-Suite Forum 2023 Mandatory Accreditation Programme Part II: Leading for Impact (LIP) National Budget 2024 Review and Updates AmBank Group - Cyber Security Awareness Credit Suisse - A New World - Year Ahead 2024 AmBank Group - Anti Money Laundering Awareness AmBank Group - Board Technology Day - AI Disrupt: Unveiling Financial Futures
Lum Sing Fai	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) AmBank Group - 2ND Asian Economy Impact - Climate Change Risk Discussion on the Succession Crisis and Continuity for Japanese SMEs AmBank Group - Cyber Security Awareness Program National Budget 2024 Review and Updates MACC Act Section 17A - Dealing With Corporate Liability on the Company and Deemed Personal Liability on Directors & Senior Management AmBank Group - Board Technology Day - AI Disrupt: Unveiling Financial Futures Anti Money Laundering Awareness Session

The N&R Committee and the Board upon assessing the training needs of each of its Directors, are satisfied that the Directors have received the necessary training during the financial year under review which enhanced their effectiveness and contribution to the Board.

II. Board Composition

The Board has in place a 9-year tenure policy for its Independent Directors to limit the tenure of the Independent Directors to nine (9) years in order to facilitate Board refreshment. In October 2023, Encik Mahadzir bin Azizan who has served as Independent Director for nine (9) years, stepped down from the Board to conform to the Company's 9-year tenure policy for Independent Directors.

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In December 2023, Puan Azura binti Azman, who has over 30 years of broad-based experience in the banking industry and her expertise includes stockbroking, corporate banking, credit, business development and private equity, was appointed as Independent Non-Executive Director of the Company. The Board warmly welcomed her appointment and recognises her valuable contribution in complementing the Board's skill set. Puan Azura's extensive experience and in-depth knowledge gained during her tenure in key positions in the banking sector, coupled with her expertise in capital markets and equity products, enriches the Board's capabilities.

The Board comprises entirely Non-Executive Directors, of whom four (4) out of eight (8) are Independent Directors. None of the Independent Directors had exceeded the nine (9) years tenure.

Tenure of Independent Directors as at 31 March 2024				
Tenure	< 3 years	3 - 6 years	6 - 9 years	Above 9 years
Number of Independent Directors				–

The presence of Independent Directors on the Board ensures that the interests of minority shareholders are taken into account by the Board. The structure of the Board also ensures that no single Director is dominant in the decision-making process. The current Directors present a diverse mix of qualifications and experiences covering business, finance, audit, banking, accounting, capital markets, legal, law enforcement and public services. Collectively, they bring a wide range of competencies, capabilities, technical skills and pertinent business acumen to the Group. With its diversity of qualifications, expertise and skills, the Board is of the view that the current composition and size are adequate for the effective discharge of its functions and responsibilities. The Board composition is also in compliance with paragraph 15.02 of the Listing Requirements and the Code. A brief profile of each Director is set out in the Profile of Directors section of this Annual Report.

The Group practices non-discrimination in any form whether based on age, gender or ethnicity throughout the organisation and this includes the selection of Board members. The Board is committed to ensuring that its composition not only reflects the diversity as recommended by the Code, as best as it can, but also encompasses the appropriate blend of skills and balance to contribute to the achievement of the Company's goal.

To this end, the Board has in place a gender diversity policy as recommended by the Code to achieve at least 30% women representatives on the Board. The Board presently has two (2) female Directors. Puan Azura's appointment as an Independent Director marked a significant step towards achieving the Board's goal of having 30% female representation. The Board will endeavor to achieve its target of having at least 30% women Directors by 31 March 2025. Whilst the Board acknowledges the importance of boardroom diversity, appointments to the Board shall always be based on merit.

In line with paragraph 15.01A of the Listing Requirements, RCE has adopted a formal Directors' Fit and Proper Policy. The Directors' Fit and Proper Policy serves as a practice guide for the appointment and re-election of Directors to assist N&R Committee and the Board to discharge their duties and functions in the Board's nomination and re-election process of Directors. The Directors' Fit and Proper Policy is available on the Company's website at www.rce.com.my.

The Board through its N&R Committee reviews annually, the effectiveness of the Board and Board Committees, the contribution and performance of the individual Directors and CEO as well as the independence of the Independent Directors. The N&R Committee also conducted fit and proper assessment on the Directors who were proposed for re-election, and the Directors standing for re-election had also provided their fit and proper confirmation. The performance and contribution of the retiring Directors were also taken into account by the Board in determining whether the Board should support the re-election of the said Directors.

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Based on the results of the evaluations for the financial year under review, the Board concluded that the Board as a whole and its Committees have been effective in discharging their oversight responsibilities and that each of the Directors and the CEO continued to discharge their respective duties and responsibilities effectively. Premised on the outcome of the evaluations, the Board also agreed that the current composition of the Board is appropriate, taking into account the current mix of skills, experience and core competencies in the Board composition and given the Group's businesses and the size of its business operations. Individual Directors of the Company and the CEO possess the required competence to manage the Group's affairs and created value to the organisation and its shareholders. The Board is also satisfied with the performance, fitness and propriety of the Directors standing for re-election at the 70th AGM based on the satisfactory results of the evaluations and the fit and proper assessment. As the feedback of the Board evaluation was generally satisfactory, no apparent shortcomings had been identified.

III. Appointment to the Board

As part of the N&R Committee's oversight of Board succession planning, it is also responsible for identifying suitable candidates to fill Board vacancies as and when the needs arise, or to identify candidates to complement the Board's current composition, and make recommendations to the Board on their appointment to the Board and where applicable, to the various Board Committees. The N&R Committee in recommending new appointments to the Board, will assess the suitability of candidates and conduct a fit and proper assessment in accordance with the Directors' Fit and Proper Policy, taking into consideration the required mix of skills, knowledge, expertise, professionalism, character and integrity, experience and competencies, personal qualities, time commitment, the potential for the candidate's skills to augment the existing Board, the candidate's availability to commit to the Board's activities, and in the case of candidate proposed for appointment as Independent Director, the candidate's independence and his/her ability to discharge such responsibilities/functions as expected from an Independent Director. The N&R Committee is responsible to ensure that the procedures for appointing new Directors are transparent.

The appointment of Puan Azura Azman followed the above process. Prior to her appointment, the Company sourced candidates through independent external sources and network of the existing Board. The N&R Committee, having reviewed the skillset, expertise and experience, including whether she met the fit and proper criteria outlined in the Directors' Fit and Proper Policy, recommended her appointment to the Board. Puan Azura received an induction which is tailored to her requirements to assist her in understanding the Group's structure, corporate overview, business strategy and operations.

IV. Remuneration

The Board is aware that a fair remuneration is critical to attract, retain and motivate its Directors and senior management. The Company has in place a Remuneration Policy for Directors and CEO which sets out the criteria applied in recommending their remuneration packages.

The aforesaid policy aims to set remuneration at levels which are sufficient to attract and retain Directors and CEO needed to run the Company successfully, taking into consideration various pertinent factors including the function, workload and responsibilities involved.

The N&R Committee conducts annual review of the CEO's remuneration package and recommends to the Board on specific adjustments and/or rewards that align with the CEO's contributions throughout the year as well as corporate performance and achievement of key performance indicators, taking into consideration the market and industry practices. Long-term incentives are implemented through ESS of the Company.

In the case of Non-Executive Directors, their remunerations reflect the expertise and level of responsibilities undertaken by the Non-Executive Directors. Meeting attendance allowances are also paid to Independent Directors in accordance with the number of meetings attended during the financial year. Non-Executive Directors are not eligible to participate in any employees share scheme implemented by the Company. Individual Directors will abstain from participating in the discussions and decisions of their own remuneration package. Non-Executive Directors' fees and benefits are subject to shareholders' approval at the AGM based on the recommendation of the Board.

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In May 2024, the Board approved the N&R Committee's recommendation on the Non-Executive Directors' fees for the financial year ended 31 March 2024, which will be put forth to the shareholders for approval at the 70th AGM in accordance with Section 230 of the Act. No revision was made to the Non-Executive Directors' fees for the financial year ended 31 March 2024 as the N&R Committee and the Board were of the view that the fees remain competitive and at par with the prevalent market rate.

The Company has also in place a Directors and Officers liability insurance ("D&O policy") to indemnify the Directors against liability and costs incurred by them in discharging their duties as Directors, to the extent permitted under the Act. The Directors are required to contribute jointly to the premium of the D&O policy.

The details of the Directors' remuneration for the financial year ended 31 March 2024 are disclosed in the CG Report under Practice 8.1.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee of the Company comprises five (5) Non-Executive Directors, four (4) of whom are Independent Directors which is in compliance with the Listing Requirements of Bursa Securities.

The Chairman of the Audit Committee, Mr. Thein Kim Mon, who is an Independent Director, is not the Chairman of the Board. Having the positions of Board Chairman and Chairman of the Audit Committee assumed by different individuals allows the Board to objectively review the Audit Committee's findings and recommendations. During the financial year ended 31 March 2024, Encik Mahadzir bin Azizan stepped down as Director of the Company on 30 October 2023 and ipso facto ceased as member of the Audit Committee. Puan Azura binti Azman was appointed as member of the Audit Committee on 1 December 2023. Other Audit Committee members are Tan Sri Mazlan Mansor, Datuk Mohamed Azmi bin Mahmood and Mr. Soo Kim Wai.

The Company, through its Audit Committee, has established a transparent and appropriate relationship with the Company's external auditors which ensures the objectivity, independence and effectiveness of external auditors are maintained.

The performance of the Audit Committee and its members were evaluated as part of the Board's annual assessment and based on the findings, the Board is satisfied that the Audit Committee has discharged its responsibilities effectively during the financial year. The Audit Committee has adequate understanding of the Company's significant financial and non-financial risks. Each of its members has made positive contribution to the overall effectiveness of the Audit Committee as well.

A full Audit Committee Report enumerating its membership and a summary of activities during the financial year is set out on pages 89 to 94 of this Annual Report.

II. Risk Management and Internal Control Framework

The Board acknowledges its overall responsibility for the Group's risk management and internal control system that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations, as well as comprehensive internal procedures and guidelines.

A Risk Management Committee comprising members with risk and business management knowledge and experience has been established by the Company to implement the risk management policies and strategies formulated and approved by the Board. It monitors and manages the principal risk exposures by ensuring that Management has taken the necessary steps to mitigate such risks and recommends action where necessary. The Risk Management Committee reports to the Audit Committee which in turn will brief the Board on its findings, if so required.

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The Board continues to maintain and regularly review the adequacy and effectiveness of risk management and internal control system to ensure, as far as possible, the protection of the Group's assets and its shareholders' investments.

The Statement on Risk Management and Internal Control, which provides an overview of the management of risks and state of internal control within the Group, is set out on pages 84 to 88 of this Annual Report.

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

I. Communication with Stakeholders

The Board recognises the importance of maintaining a purposeful relationship with stakeholders. In this regard, the Company always ensures that its communication with the shareholders and various stakeholders is transparent, timely and effective. The Company's website, www.rce.com.my provides an avenue for shareholders and members of the public to access information pertaining to the Company, which is being updated regularly. Throughout the financial year, the Company and its investor relations team conducted briefings for analysts and fund managers. These briefings aimed to provide analysts, fund managers and investors with information relating to the Group. The Company attends to the requests of analysts and fund managers for briefings from time to time. To maintain a high level of transparency and effectively address any issues or concerns, the Group has an online enquiry form that can be accessed from the Company's website in which stakeholders can direct their queries or concerns.

Investor relations matters may be directed to the following persons:

Mr. Loh Kam Chuin, Chief Executive Officer
Ms. Oon Hooi Khee, Chief Business Officer
Telephone number: +603-4047 0988
Email: ir@rce.com.my

II. Conduct of General Meetings

The Company's general meetings remain the principal forum for dialogue and interaction with shareholders and provide an opportunity for the shareholders to seek clarification on any issues and gain a deeper understanding of the Group's businesses, governance, performance and corporate developments.

The 69th AGM held on 7 September 2023 was conducted fully virtual through live streaming and remote voting by leveraging technology in accordance with the Constitution of the Company and Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers. Shareholders were advised to utilise the Remote Participation and Voting ("RPV") facilities hosted on Securities Services e-Portal at <https://sshsb.net.my/> to participate in the meeting remotely.

Notice of and Administrative Guide for the 69th AGM, the Form of Proxy and the Annual Report were issued and/or uploaded onto the Company's website more than 28 days before the 69th AGM. This allowed shareholders sufficient time to review the Company's financial and operational performance and to make necessary arrangements to participate in the virtual 69th AGM either in person or by proxies.

Shareholders were provided with clear and easy-to-follow instructions on how to register and participate in the virtual AGM. They were also invited to send questions before the meeting in relation to the agenda items for the 69th AGM, or via the real time submission of typed texts through a text box before the start or during the live streaming of the meeting.

Shareholders, corporate representatives and proxies participated in the virtual 69th AGM through live streaming and online remote voting via the RPV facilities.

Corporate Governance Overview Statement

The proceedings of the 69th AGM including the CEO's presentation of the Group's activities and financial performance together with an overview of the Group's outlook, questions from shareholders which were raised prior to and during the meeting as well as the Company's responses to the same, were shared with shareholders/proxies during the virtual AGM, before putting resolutions to vote.

To ensure effective participation of and engagement with shareholders at the virtual 69th AGM of the Company, all members of the Board participated in the meeting remotely via a designated virtual meeting platform to respond to the questions raised by the shareholders and proxies. Despite the absence of face-to-face engagement, the Board believes that the RPV facilities have provided an accessible platform for the Board to engage with the shareholders/proxies as close to a physical meeting as possible, by ensuring that shareholders were able to exercise their rights to participate, speak (in the form of real time submission of typed texts) and vote at the fully virtual general meeting.

Minutes of the 69th AGM, including questions raised prior to and during the meeting and the Company's responses to the same, was made available on the Company's website at www.rce.com.my within 30 business days after the AGM.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Act to ensure that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, and of the results of their operations and cash flows for the financial year. The Directors consider that in preparing the financial statements, they have consistently used and applied the appropriate and relevant accounting policies and made judgements and estimates that are reasonable and prudent.

The Directors have a general responsibility in ensuring that the Group keeps proper accounting records in accordance with the provisions of the Act to enable the preparation of the financial statements with reasonable accuracy. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is satisfied that the Group has upheld high standards of corporate governance and continues to pursue the highest level of integrity and ethical conduct in all aspects of its business operations.

Moving forward, the Board remains committed to operationalise and enhance the Company's existing corporate governance framework, policies and practices and instil a risk and governance awareness culture and mindset throughout the Group in the best interest of all stakeholders, while continue to deliver sustainable growth and performance, ensuring the continued success of the Group.

This Statement is made in accordance with the resolution of the Board of Directors dated 24 May 2024.