

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0231  
**COMPANY NAME** : FLEXIDYNAMIC HOLDINGS BERHAD  
**FINANCIAL YEAR** : December 31, 2022

## 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.

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| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>The Company is led by a Board of Directors ("Board") comprising members with a wide range of business and technical experience. This depth and diversity in expertise and perspectives of each director bring vital ingredients necessary for the Company's strategic direction and guidance in the management of the various business activities undertaken by the Flexidynamic Holdings Berhad and its subsidiaries.</p> <p>The Board plays an important role in setting our Group's overall strategic direction, objectives and goals, including its key values, principles and ethics.</p> <p>The roles and responsibilities of the Board are set out in the Board Charter. The Board Charter aims to ensure that all Board members understand their duties and responsibilities as well as the laws, regulations and best practices governing their conduct.</p> <p>During the financial year, The Board are carried out the following activities:-</p> <ul style="list-style-type: none"><li>• Reviewing and approving the quarterly unaudited financial results of the Group</li><li>• Reviewing and approving the annual audited financial statements and the Annual Report for financial year 2022</li><li>• Reviewing the related party transactions entered into by the Group on quarterly basis</li><li>• Reviewed and discussed with the internal auditor on the results of the audit reports</li></ul> <p>The Board is supported by the Managing Director, Executive Directors and management, whose responsibilities are to implement the Group's strategies and manage operations of the Group.</p> |
| <b>Explanation for departure</b>                  | : |  |

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

### 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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Chairperson, being Independent Non-Executive Director, heads the Board and is responsible for the leadership, effectiveness, conduct and governance of the Board.</p> <p>The key responsibilities are as follows:-</p> <ul style="list-style-type: none"><li>(a) Provide leadership and run the Board effectively with the assistance of the Board Committees and management;</li><li>(b) Ensure the whole Board plays a full and constructive part in developing and determining the Group's strategy and overall business and commercial objectives;</li><li>(c) Ensure the Board annually reviews its performance and is balanced so as to achieve its effectiveness;</li><li>(d) Review the performances of individual Directors;</li><li>(e) Assist and guide the Managing Director; and</li><li>(f) Ensure the Board members are well briefed and have access to information on all aspects of the company's operations.</li></ul> <p>The responsibilities of the Chairperson of the Board are set out in the Board Charter which is available on the Company's website.</p> |
| <b>Explanation for departure</b>   | : |   |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### 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.

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The roles and responsibilities of the Chairperson and the Managing Director are distinct and separate to ensure that there is a balance of power and authority. The Chairperson, Ms. Phang Sze Fui, being Independent Non-Executive Director, heads the Board and is responsible for the leadership, effectiveness, conduct and governance of the Board; whereas the Managing Director, Mr. Tan Kong Leong, oversees and manages the day-to-day operations of the Group and undertakes executive decision-making and implementation of policies and decisions.<br><br>The roles and responsibilities of the Board Chairman and Managing Director are prescribed in the Company's Board Charter which is available on the Company's website. |  |
| <b>Explanation for departure</b>   | : |   |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### 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

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| <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> |   |   |
| <b>Application</b>   | : | Departure   |
| <b>Explanation on application of the practice</b>  | : |   |
| <b>Explanation for departure</b>   | : | <div>The Audit and Risk Management Committee will continue to invite Ms. Phang to attend future meetings as an observer. Due to her vast knowledge and experience in business and accounting consultancy, the committee welcome her presence and input as and when they are needed.</div> <div>Board Chairman will step down to not joining the Audit and Risk Management Committee Meeting when the committee member have more experience.</div> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |   |   |
| <b>Measure</b>   | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice.  |
| <b>Timeframe</b>   | : | <div>Choose an item.</div> <div></div>  |

### 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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>Both company secretaries are qualified to act as company secretary under Section 235 of the Companies Act 2016. They are both members of the Malaysia Institute of Chartered Secretaries and Administrators ("MAICSA").</p> <p>Responsibilities:-</p> <ul style="list-style-type: none"><li>(a) advisory role;</li><li>(b) accountable to the Board through the Managing Director on governance matters;</li><li>(c) act as central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company; and</li><li>(d) Attend the Board meetings and ensure that the deliberations and decisions made by the Board and Board Committees are minuted and the records of the proceedings of the meetings are properly kept.</li></ul> <p>The roles and responsibilities of Company Secretaries are stated in the Company's Board Charter which is available in the Company's website.</p> |
| <b>Explanation for departure</b>   | : |   |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
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### Intended Outcome

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

### Practice 1.6

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

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| Application   | : | Applied   |  |
| Explanation on application of the practice  | : | The Board has full and timely access to information with Board papers distributed in advance of meetings, normally five days prior to the meeting, to enable the Directors to prepare for Board meetings.   |  |
|   |   | The Board papers include minutes of previous Board meeting, minutes of meetings of Board Committees and reports on relevant issues of the meetings covering areas such as financial, investment, operational, litigation, human resources and regulatory compliance matters.  |  |
|   |   | The Minutes of meetings are prepared and circulated to all Directors within reasonable time after the conclusion of each meeting. Matters deliberated and/or resolved by the Board are properly recorded in the minutes of meetings, which would be confirmed by the Board and signed by the Chairperson in the following Board meeting. The minutes of the Board meetings are kept at the Company’s registered office. |  |
| Explanation for departure   | : |   |  |
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| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. |   |   |  |
| Measure   | : |   |  |
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**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.

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The Board has adopted a Board Charter on 10 June 2020. Its serves as reference and defines the roles and responsibilities of the Board, its Committees, individual Directors, the Management and the Company Secretary. It also serves as a guide to Board members and senior management on the functions of the Board. The Board Charter also defines the issues and decisions that are reserved for the Board. The Board Charter is available on the Company’s corporate website. |  |
| <b>Explanation for departure</b>   | : |   |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### 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.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>Employee Code of Conduct Policy which is published in the Company's website, was adopted by the Board on 23 June 2020.</p> <p>The Employee Code of Conduct Policy applies to Directors and all levels of personnel of the Group in all their activities directly or indirectly associated with the Group. It defines ethical principles such as Honesty and Fairness, Respect, Professional and Competent, Accountable and Compliance, from which it establishes various ethical standards of conduct including those that are related to conflict of interest, abuse of power, corruption, insider trading and money laundering.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### 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.

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| Application   | : | Applied   |  |
| Explanation on application of the practice  | : | <p>The Ethics and Compliance Whistleblowing Policy and Procedures which is published in the Company’s website, was adopted by the Board on 23 June 2020.</p> <p>The Ethics and Compliance Whistleblowing Policy and Procedures sets out formal channels through which relevant matters may be raised by concerned parties without the risk of reprisals and provides a reporting framework for which genuine concerns about impropriety may be raised to Pn. Noor Zaliza Yati Binti Yahya, who is the Chairperson of Audit and Risk Management Committee.</p> |  |
| Explanation for departure   | : |   |  |
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| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. |   |   |  |
| 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.

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| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>As a leading manufacturer of glove chlorination systems, Flexidynamic recognises the importance of sustainability as a key driver for long-term business growth and believes that business success should be measured in a holistic manner rather than just by financial profits. The Board are mindful of the need to develop the Group's business by practicing, preserving and promoting activities that contributes to the environmental, social and governance ("ESG") pillars of sustainability.</p> <p>The Group's sustainability initiatives are overseen by the Board of Directors with a governance structure to support and drive initiatives in all the ESG pillars. A number of committees led by the management team help to manage and supervise the material risks and opportunities that may impact business continuity and market competitiveness, the environment and the communities that the Group operates in. The Group's sustainability initiatives are also reinforced by the Flexidynamic code of conduct that promotes a healthy corporate culture and ethical business practices.</p> <p>The Group strategies, business plans would have table and circular for Board review, discuss and comment before management proceed to implementation.</p> <p>Currently have a workgroup consisting of representatives from each relevant department, involving Strategy, Marketing, Sales, Operations, Finance, Purchasing and Human Resources, to identify the Company's sustainability matters, oversee the implementation and monitor its progress.</p> |
| <b>Explanation for departure</b>                  | : |  |
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*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

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|------------------|---|--|--|
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b> | : |  |  |

**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.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Company’s sustainability statement in the Annual Report of the Company have been highlights the Company’s framework and section in driving and managing sustainability.</p> <p>The detailed sustainability statement reports in relation to the stakeholder groups, engagement and expectations against targets are disclosure in the Group’s Sustainability Statement of 2022 Annual Report.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### 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.

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| Application   | : | Applied   |  |
| Explanation on application of the practice  | : | <p>The Board are keeping themselves apprised of the relevant sustainability developments by way of formal training including webinars, structured reading and discussions.</p> <p>The Group has ensured that related sustainability trainings including climate-related risk and opportunities had been arranged for key employees.</p> <p>The Group will continue educating all levels of employees in the Group in sustainability matters, applying and adopting beneficial to sustainability in the Group and continue its journey in becoming a truly sustainable organisation.</p> |  |
| Explanation for departure   | : |   |  |
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| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. |   |   |  |
| 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.

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| Application   | : | Applied   |  |
| Explanation on application of the practice  | : | The Board and the Senior Management have performed their respective roles in addressing material sustainability risks and opportunities. The Board was assessed via its annual Board Evaluation for the assessment year 2022 on their performance in addressing Company’s material sustainability risks and opportunities.<br><br>Whereas for the Senior Management team, it is embedded as part of their Key Performance Indicators which are reviewed annually. |  |
| Explanation for departure   | : |   |  |
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| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. |   |   |  |
| Measure   | : |   |  |
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**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.*

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| <b>Application</b>                             | : | Not Adopted |
| <b>Explanation on adoption of the practice</b> | : |             |

### 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.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>In respect of the assessment for the financial year ended 31 December 2022, the Nomination Committee was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively and the contribution and performance of the individual Directors were satisfactory. The Board was also satisfied that the Board composition in terms of size, the balance between Executive Directors and their mix of skills was adequate.</p> <p>The Nomination Committee has reviewed and was satisfied with the performance and contributions of Mr. Tan Kong Leong, Mr. Chong Kai Feng, Mr. Poh Chee Fong and Mr. Sin Kuo Wei and consequently has recommended for their re-election in the Third Annual General Meeting.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Board comprises four (4) Independent Non-Executive Directors, the Managing Director, Deputy Managing Director and two (2) Executive Directors. The Board is led by an experienced Independent Non-Executive Chairperson, Ms. Phang Sze Fui.</p> <p>The Independent Non-Executive Directors do not participate in the day-to-day management as well as the daily business of the Company. In staying clear of any potential conflict of interest situation, the Independent Directors remain in a position to fulfill their responsibility to provide a check and balance to the Board. They provide independent and objective views, advice and judgment which take into account the interests of the Group as well as shareholders and investors in the decision-making process of the Board.</p> |
| <b>Explanation for departure</b>   | : |   |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

**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.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | No Independent Directors serving beyond 9 years. |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**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.*

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| <b>Application</b>                             | : | Not Adopted |
| <b>Explanation on adoption of the practice</b> | : |             |

### 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.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The candidate for the appointment of Directors or senior management are selected after taking into consideration the mix of skills, experience and independence that would be relevant for the effective discharge of the Board's responsibilities with due regard for diversity in age, cultural background and knowledge.</p> <p>Every Director is aware that his/her appointment demands time commitment to effectively discharge his/her duties. Details of Directors' attendance are disclosed in the Annual Report. All Directors have achieved 100% attendance at Board meetings during the year and does not hold more than the maximum of 5 directorships in other public companies.</p> |
| <b>Explanation for departure</b>   | : |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

### 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.

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | <p>During the year 2022, Management has proposed for the appointment Mr. Sin Kuo Wei as the Director and Deputy Managing Director. Mr. Sin was the General Manager of the Company, overseeing project tendering processes and the overall operations of R&amp;D Department. He was also responsible for assisting the Managing Director in the planning development and implementation of strategies for the business development and expansion of the Group.</p> <p>Mr Sin Kuo Wei has contributed substantially to the growth of the Company. He has extensive knowledge in terms of technicality and engineering and also has in-depth knowledge of the Company. Mr Sin has built an extensive network and good relationship with the clients throughout the years.</p> <p>The Nomination Committee has evaluated and assessed the qualifications, credentials, knowledge, character, competencies, expertise and experience of Mr. Sin Kuo Wei and has recommended for his appointment as Director and Deputy Managing Director of the Company.</p> |  |
| <b>Explanation for departure</b>   | : |   |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### 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.

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The profiles of all the Directors are set out in the Annual Report, which include their age, gender, date of appointment, directorships in other public companies, working experience and any conflict of interest as well as their shareholdings in the Company, if any.<br><br>The Board has provided a statement on their recommendation for those Directors subject to retire and re-election at the Annual General Meeting in the Annual Report. |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |



**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.

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Nomination Committee is chaired by Mr. Poh Chee Fong who is an Independent Non-Executive Director. |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**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.

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | There are three (3) female directors which constitutes 37.50% female representation on the Board. |  |
| <b>Explanation for departure</b>   | : |   |  |
|  |   |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### 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.

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Departure   |  |
| <b>Explanation on application of the practice</b>  | : |   |  |
| <b>Explanation for departure</b>   | : | The Board acknowledges the recommendations of the MCCG on the establishment of a gender diversity policy. However, the Company has yet to formalise the gender diversity policy for the Group.  |  |
|  |   | As at to date, the Board practices the policy of non-discrimination of any form, whether based on age, race, religion or gender, throughout the Group. This includes the selection of Board members. The Company believes in providing equal opportunity to candidates with merits. |  |
|  |   | The Board will establish a gender diversity policy in year 2023.  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice.  |  |
| <b>Timeframe</b>   | : | Choose an item.   |  |

## Intended Outcome

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

## Practice 6.1

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

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

|  |   |
|--|---|
| <i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i> |   |
| <b>Application</b>   | : Applied   |
| <b>Explanation on application of the practice</b>  | <p>The Nomination Committee carries out the annual evaluation for assessing the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director.</p> <p>The evaluation process involved peer and self-review assessment, where Directors will assess their own performance and their fellow Directors. The summary of assessments and comments would be summarised and discussed at the Nomination Committee Meeting.</p> <p>The evaluation questionnaires covered the following:</p> <ul style="list-style-type: none"><li>• Board of Directors assessment</li><li>• Directors' self and peer assessment</li><li>• Independence assessment of Independent Directors</li><li>• Board Committee assessment</li><li>• Individual Board Committee assessment</li></ul> <p>The Nomination Committee is satisfied with the effectiveness of the Board and the Board Committees based on the annual assessments conducted. The results of the assessment were affirmed by the Board.</p> |
| <b>Explanation for departure</b>   | :<br><br>   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |   |
| <b>Measure</b>   | :<br><br>   |

|                  |   |  |  |
|------------------|---|--|--|
| <b>Timeframe</b> | : |  |  |
|------------------|---|--|--|

### 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  | : | Remuneration policies and procedures which covers Directors and Senior Management have been in place and formalised. |  |
| Explanation for departure   | : |  |  |
|   |   |  |  |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. |   |  |  |
| Measure   | : |  |  |
| Timeframe   | : |  |  |

### Intended Outcome

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

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

### Practice 7.2

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  | : | The Remuneration Committee comprises of Independent Non-Executive Directors.                         |  |
|   |   | The Committee is chaired by Mr. Chong Kai Feng.  |  |
|   |   | The Remuneration Committee’s Terms of Reference is available for reference at the Company’s website. |  |
| 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.

|   |   |   |
|---|---|---|
| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | Detailed disclosure on named basis for the remuneration of individual directors is in the Company's Annual Report. The remuneration breakdown of individual directors includes fees, salaries, EPF, bonuses, allowances and benefits in-kind. |



| 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  | TAN KONG LEONG               | Executive Director   | 24,000          | Input info here | Input info here | Input info here | Input info here  | Input info here  | 24,000          | Input info here | 33,000          | 415,800         | Input info here | 34,100           | 85,278           | 568,178         |
| 2  | LIEW HENG WEI                | Executive Director   | 24,000          | Input info here | Input info here | Input info here | Input info here  | Input info here  | 24,000          | Input info here | 20,000          | 276,000         | 23,000          | 17,400           | 60,610           | 397,010         |
| 3  | LION SUK CHIN                | Executive Director   | 24,000          | Input info here | Input info here | Input info here | Input info here  | Input info here  | 24,000          | Input info here | 18,000          | 248,400         | 20,700          | 17,400           | 54,549           | 359,049         |
| 4  | SIN KUO WEI                  | Executive Director   | 20,000          | Input info here | Input info here | Input info here | Input info here  | Input info here  | 20,000          | Input info here | 16,000          | 186,154         | 19,200          | 12,229           | 40,714           | 274,297         |
| 5  | PHANG SZE FUI                | Independent Director | 60,000          | 500             | Input info here | Input info here | Input info here  | Input info here  | 60,500          | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 6  | NOOR ZALIZA YATI BINTI YAHYA | Independent Director | 30,000          | 500             | Input info here | Input info here | Input info here  | Input info here  | 30,500          | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 7  | CHONG KAI FENG               | Independent Director | 24,000          | 500             | Input info here | Input info here | Input info here  | Input info here  | 24,500          | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 8  | POH CHEE FONG                | Independent Director | 24,000          | 500             | Input info here | Input info here | Input info here  | Input info here  | 24,500          | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 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 |

**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.

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied – the company discloses the remuneration of members senior management who are not members of the board                     |  |
| <b>Explanation on application of the practice</b>  | : | The Company had disclosed on named basis its senior management’s remuneration component by categories and in bands of RM50,000.00. |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

| No | Name            | Position             | Company         |                 |                 |                 |                  |                 |
|----|-----------------|----------------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
|    |                 |                      | Salary          | Allowance       | Bonus           | Benefits        | Other emoluments | Total           |
| 1  | CHEN LI CHIN    | FINANCIAL CONTROLLER | 150,001-200,000 | 0-50,000        | 0-50,000        | Choose an item. | 0-50,000         | 200,001-250,000 |
| 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.

|  |   |             |
|--|---|-------------|
| <b>Application</b>                             | : | Not Adopted |
| <b>Explanation on adoption of the practice</b> | : |             |

| 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.

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | Chairman of the Board is Ms. Phang Sze Fui while the Chairman of the Audit and Risk Management Committee is Pn. Noor Zaliza Yati Binti Yahya. |  |
| <b>Explanation for departure</b>   | : |   |  |
|  |   |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

**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.

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | None of the members of the Audit and Risk Management Committee are former key audit partners of the Company's external auditors. |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**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.

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The external auditors have confirmed their independence throughout the conduct of their audit engagement for the financial year ended 31 December 2022 and independence criteria as set out by the By-laws of the Malaysian Institute of Accountants.</p> <p>The Audit and Risk Management Committee is satisfied with the suitability and independence of the external auditors based on the quality and competency of services delivered, sufficiency of the firm and professional staff assigned to the annual audit performed for the financial year ended 31 December 2022 and has recommended for their re-appointment at the forthcoming Annual General Meeting.</p> |
| <b>Explanation for departure</b>   | : |  |
|  |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |
|  |   |  |



**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.

|  |   |  |
|--|---|--|
| <b>Application</b>                             | : | Adopted  |
| <b>Explanation on adoption of the practice</b> | : | The Audit and Risk Management Committee comprises solely of 3 Independent Non-Executive Directors. |

### 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.

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board is satisfied that the members of the Audit and Risk Management Committee possess the necessary skills and experience to discharge their duties and are financially literate which will enable them to comprehend matters or subjects under the Audit and Risk Management Committee purview.</p> <p>The Audit and Risk Management Committee members will attend training programmes and seminars to keep themselves abreast of relevant developments in standards and practices in accounting and auditing and other relevant programmes which will aid them in discharge of their duties.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### 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.

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The Board is responsible for the Group's risk management framework and system of internal control and for reviewing their adequacy and integrity. The Board are required to ensure that an effective system of internal control, which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines are in place within the Group.<br><br>The Group has outsourced the internal audit function to a professional firm to review and report to the Audit and Risk Management Committee on the risk management and internal control framework. |  |
| <b>Explanation for departure</b>   | : |   |  |
|  |   |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### 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 key features of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control contained in the Annual Report. |  |
| Explanation for departure   | : |   |  |
|   |   |   |  |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. |   |   |  |
| Measure   | : |   |  |
| Timeframe   | : |   |  |

### Intended Outcome

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

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

### Practice 10.3 - 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.

|  |                                 |   |  |  |             |                                 |                                    |         |                    |                                    |                  |                                    |
|--|---------------------------------|---|--|--|-------------|---------------------------------|------------------------------------|---------|--------------------|------------------------------------|------------------|------------------------------------|
| <b>Application</b>                             | :                               | Adopted   |  |  |             |                                 |                                    |         |                    |                                    |                  |                                    |
| <b>Explanation on adoption of the practice</b> | :                               | <p>The Audit Committee was merged together with the Risk Management Committee to form the Audit and Risk Management Committee (“ARMC”) to oversee the internal controls and risk management processes.</p> <p>ARMC comprises of the following:-</p> <table><tr><td>Chairperson</td><td>Pn. Noor Zliza Yati Binti Yahya</td><td>Independent Non-Executive Director</td></tr><tr><td rowspan="2">Members</td><td>Ir. Chong Kai Feng</td><td>Independent Non-Executive Director</td></tr><tr><td>Mr Poh Chee Fong</td><td>Independent Non-Executive Director</td></tr></table> |  |  | Chairperson | Pn. Noor Zliza Yati Binti Yahya | Independent Non-Executive Director | Members | Ir. Chong Kai Feng | Independent Non-Executive Director | Mr Poh Chee Fong | Independent Non-Executive Director |
| Chairperson                                    | Pn. Noor Zliza Yati Binti Yahya | Independent Non-Executive Director  |  |  |             |                                 |                                    |         |                    |                                    |                  |                                    |
| Members  | Ir. Chong Kai Feng              | Independent Non-Executive Director  |  |  |             |                                 |                                    |         |                    |                                    |                  |                                    |
|  | Mr Poh Chee Fong                | Independent Non-Executive Director  |  |  |             |                                 |                                    |         |                    |                                    |                  |                                    |

### Intended Outcome

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

### Practice 11.1

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Company had engaged an independent internal audit consulting firm, as its Internal Control Consultant to review the adequacy and sufficiency of systems, procedures and controls of the Group. The details of internal audit function are stated in the Statement on Risk Management and Internal Control of this Annual Report.</p> <p>The Company outsourced the internal audit function to an independent professional firm to assist the Board and ARMC in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. The Internal Auditors will report directly to the ARMC on its activities based on the approved internal audit plans.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

## 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.

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The internal audit function has been outsourced to an independent professional firm (“Internal Auditors”) to provide independent assurance and serves to assists the Group to provide adequate and effective internal control system and reports directly to the ARMC.</p> <p>The activities of the Internal Auditors were guided by the Annual Internal Audit Plan approved by the ARMC. The audit personnel from the Internal Auditors are free from any relationships or conflicts of interest, which could impair the objectivity and independence.</p> <p>The Internal Auditors use the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control system.</p> <p>The internal Auditors make reference to the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The Internal Auditors ensures that its staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review. The number of audit staff deployed for each internal audit review ranges from 3 to 4 Internal Auditors per visit. The Internal Auditors is a corporate member of the Institute of Internal Auditors Malaysia (IIAM).</p> |
| <b>Explanation for departure</b>   | : |   |
|  |   |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |

|                  |   |  |  |
|------------------|---|--|--|
| <b>Timeframe</b> | : |  |  |
|------------------|---|--|--|



### 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>Our Board believes in effective, transparent and regular communication with its shareholders and other stakeholders.</p> <p>The Company maintains an official corporate website which provides corporate information, financial reports, corporate policies, board charter and term of reference of various board committees, which allow the investing public to have general understanding of the Group.</p> <p>The Annual General Meetings provide the principal platform for dialogues and interactions with shareholders.</p> |  |
| Explanation for departure   | : |   |  |
|   |   |   |  |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. |   |   |  |
| Measure   | : |   |  |
| Timeframe   | : |   |  |

**Intended Outcome**

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

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

**Practice 12.2**

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

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

**Intended Outcome**

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

**Practice 13.1**

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

|   |   |  |  |
|---|---|--|--|
| Application   | : | Applied  |  |
| Explanation on application of the practice  | : | The notice of Third Annual General Meeting in 2022 was sent out to shareholders at least 28 days before the date of the meeting. |  |
| Explanation for departure   | : |  |  |
|   |   |  |  |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. |   |  |  |
| Measure   | : |  |  |
| Timeframe   | : |  |  |

**Intended Outcome**

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

**Practice 13.2**

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

|   |   |   |  |
|---|---|---|--|
| Application   | : | Applied   |  |
| Explanation on application of the practice  | : | All the Directors attended the Third Annual General Meeting conducted on fully virtual basis on 24 May 2022. The Chairperson encourage participation by shareholders by giving sufficient time to the floor during the question and answer session. |  |
| Explanation for departure   | : |   |  |
|   |   |   |  |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. |   |   |  |
| Measure   | : |   |  |
| Timeframe   | : |   |  |

**Intended Outcome**

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

**Practice 13.3**

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 Annual General Meeting in 2022 were conducted on a fully virtual basis which allows voting in absentia and remote participation from shareholders. |  |
| Explanation for departure   | : |  |  |
|   |   |  |  |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. |   |  |  |
| Measure   | : |  |  |
| Timeframe   | : |  |  |

### Intended Outcome

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

### Practice 13.4

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> |   |   |
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | The Chairperson of the general meeting allocated a section of the meeting time for a Question and Answer session during which the attending shareholders/proxies were given opportunities to raise questions and to engage with the Board and senior management, who were also remotely participating in the general meetings to provide meaningful response. |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### 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> |   |   |  |
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The Third Annual General Meeting was conducted on fully virtual basis.<br><br>The Chairperson of the general meeting allocated a section of the meeting time for a Question and Answer session during which the attending shareholders/proxies were given opportunities to raise questions and to engage with the Board and senior management, who were also remotely participating in the general meetings to provide meaningful response. |  |
| <b>Explanation for departure</b>   | : |   |  |
|  |   |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |
|  |   |   |  |

**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>         |   |  |
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | The minutes of the Third Annual General Meeting ("AGM") of the Company are made available on the Company's website at <a href="http://www.flexidynamic.com">www.flexidynamic.com</a> within 30 business days of the AGM. |
| <b>Explanation for departure</b>   | : |  |
|  |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |



## **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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