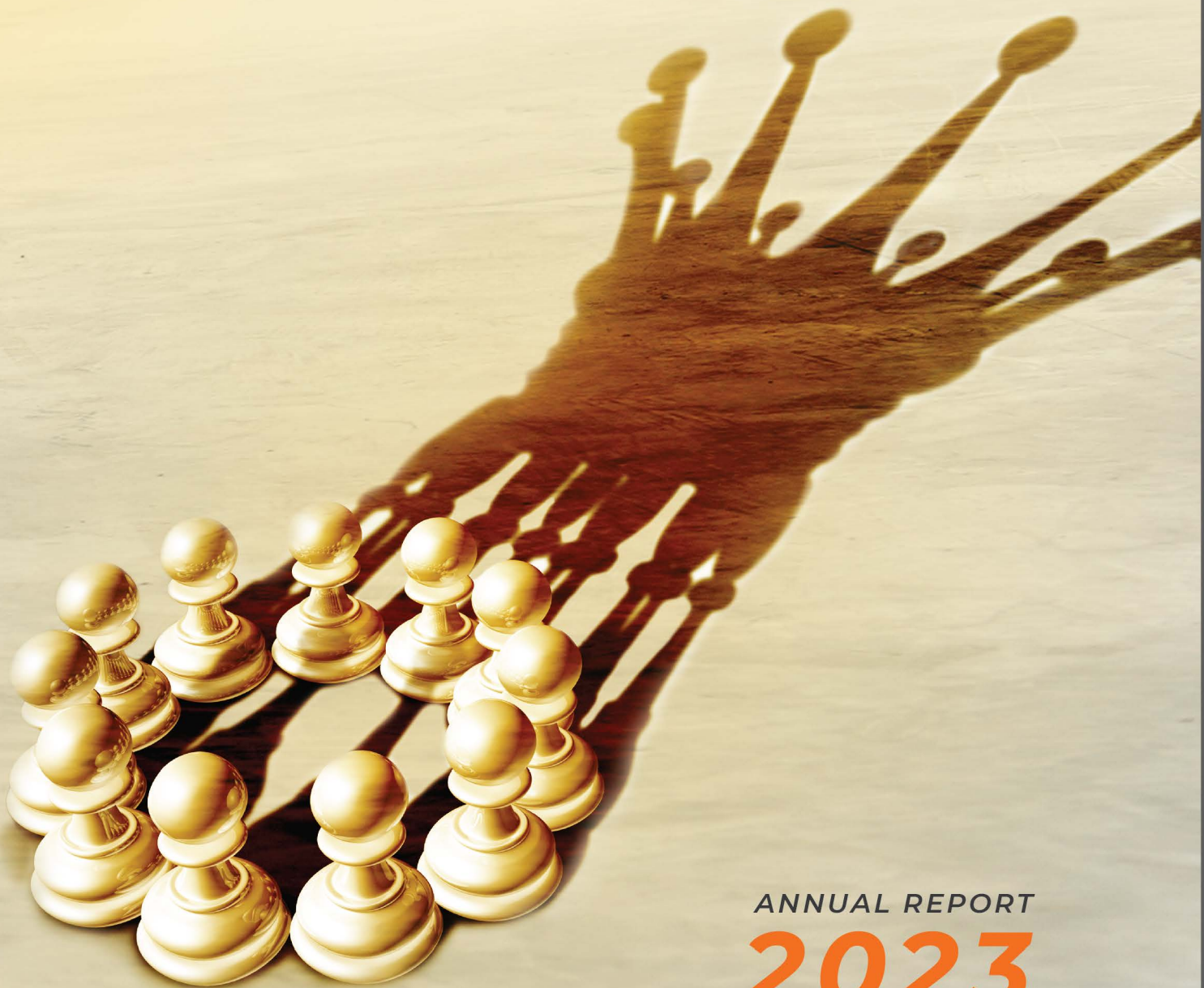




FLEXIDYNAMIC HOLDINGS BERHAD
Registration No. 201901010656 (1319984-V)
(Incorporated in Malaysia under the Companies Act 2016)

EVOLUTION THROUGH TRANSFORMATION



ANNUAL REPORT
2023

WHAT'S INSIDE

2	About Us & Our Values
3	Corporate Information
4	Corporate Structure
5	Financial Highlights
6	Profile of Directors
10	Profile of Key Senior Management
11	Chairperson's Statement
13	Management Discussion and Analysis
16	Sustainability Statement
59	Corporate Governance Overview Statement
70	Audit and Risk Management Committee Report
73	Statement on Risk Management and Internal Control
76	Statement of Directors' Responsibility
77	Additional Compliance Information
79	Financial Statements
145	List of Properties
146	Analysis of Shareholdings
149	Notice of Fifth Annual General Meeting
153	Administrative Guide Form of Proxy



ABOUT US

Flexidynamic Group is a solutions provider for the rubber glove manufacturing industry with market presence in Thailand, Vietnam, United States of America, Indonesia, and Sri Lanka, supported by our offices in Malaysia and Thailand, along with our manufacturing facility in Banting, Malaysia.

Incorporated in 2012, Flexidynamic Engineering Sdn Bhd started with humble beginnings, with a focus on providing chlorination system to glove manufacturers for the production of powderfree gloves. Over the years, we expanded our products in tandem with the enormous growth of the rubber glove manufacturing industry around the globe. In 2018, after the acquisition of Flexidynamic Engineering Co. Ltd. in Thailand, the incorporated subsidiary supported our overseas operations mainly in the Southeast Asia region.

With our wide range of products, continuous innovation, and strong support base, Flexidynamic Group looks to grow to new heights, both within and beyond the glove manufacturing industry.

OUR VALUES

ENERGY EFFICIENCY



Innovative designs and engineering performance optimisation are used to reduce operation power consumption, thereby reducing energy costs and environmental pressure

CUSTOMER SATISFACTION



- Provide the highest quality solution with high-efficiency systems to cater for the customer's exact requirements and needs
- Provide the best customer service experience by improving customer satisfaction and service response time

VALUE FOR MONEY



- Provide the best cost-effective solution to fit every budget range without compromising quality

CORPORATE INFORMATION

BOARD OF DIRECTORS

PHANG SZE FUI
Independent Non-Executive Chairperson
TAN KONG LEONG
Managing Director
SIN KUO WEI
Deputy Managing Director
LIEW HENG WEI
Executive Director
LION SUK CHIN
Executive Director
NOOR ZALIZA YATI BINTI YAHYA
Independent Non-Executive Director
Ir. CHONG KAI FENG
Independent Non-Executive Director
POH CHEE FONG
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Noor Zaliza Yati Binti Yahya (Chairperson)
Ir. Chong Kai Feng (Member)
Poh Chee Fong (Member)

REMUNERATION COMMITTEE

Ir. Chong Kai Feng (Chairman)
Noor Zaliza Yati Binti Yahya (Member)
Poh Chee Fong (Member)

NOMINATION COMMITTEE

Poh Chee Fong (Chairman)
Ir. Chong Kai Feng (Member)
Noor Zaliza Yati Binti Yahya (Member)

REGISTERED OFFICE

Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel No. : 03-2692 4271
Fax No. : 03-2732 5388

HEAD OFFICE

A-3A-28, IOI Boulevard Jalan Kenari 5
Bandar Puchong Jaya
47170 Puchong
Selangor
Tel No. : 03-8079 1878
Fax No. : 03-8079 1898

COMPANY SECRETARIES

Lim Seck Wah
(MAICSA No. 0799845)
(SSM PC No: 202008000054)
Tang Chi Hoe (Kevin)
(MAICSA No. 7045754)
(SSM PC No: 202008002054)

AUDITORS

Grant Thornton Malaysia PLT
(201906003682 & AF 0737)
Level 11
Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel No. : 03-2692 4022
Fax No. : 03-2732 1010

SHARE REGISTRAR

Tricor Investor &
Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : 03-2783 9299
Fax No. : 03-2783 9222

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad

CORPORATE STRUCTURE



FLEXIDYNAMIC HOLDINGS BERHAD
Registration No. 201901010656 (1319984-V)
(Incorporated in Malaysia under the Companies Act 2016)



100%

**Flexidynamic
Engineering Sdn Bhd**
Registration No. 201201038428 (1022906-K)



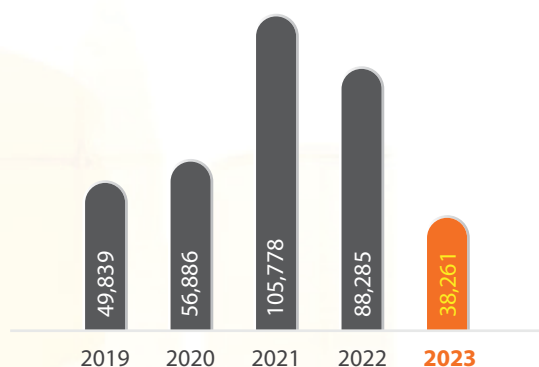
49%

**Flexidynamic
Engineering Company Limited**
Registration No. 0135558013141

FINANCIAL HIGHLIGHTS

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Revenue (RM'000)	49,839	56,886	105,778	88,285	38,261
Gross Profit (RM'000)	13,956	12,573	17,493	13,540	10,480
Gross Profit Margin	28.00%	22.10%	16.54%	15.34%	27.39%
Profit/(Loss) After Tax (RM'000)	4,595	4,604	3,506	(4,055)	377
Profit/(Loss) After Tax Margin	9.22%	8.09%	3.31%	(4.59%)	0.99%
Total Asset (RM'000)	36,857	61,746	115,354	81,282	68,883
Total Equity (RM'000)	21,481	24,745	43,366	37,180	37,862

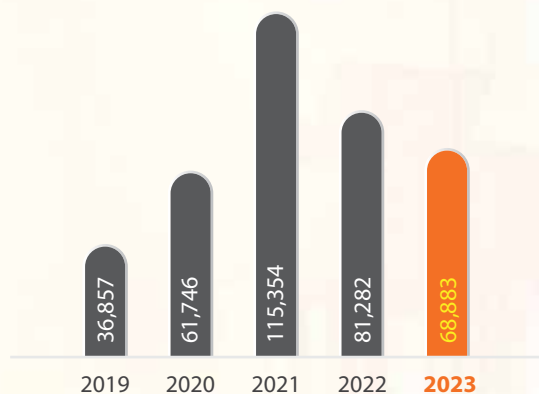
REVENUE
(RM'000)



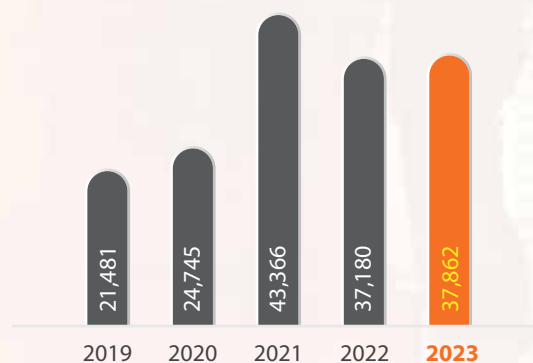
PROFIT/(LOSS) AFTER TAX
(RM'000)



TOTAL ASSET
(RM'000)



TOTAL EQUITY
(RM'000)



PROFILE OF DIRECTORS

PHANG SZE FUI



Female



52 years old



Malaysian

Phang Sze Fui, a Malaysian, female, aged 52, is our Independent Non-Executive chairperson. She was appointed to our Board on 25 January 2021 and is the chairperson of our Board.

She is a fellow member of The Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. She has also been a member of the Institute of Corporate Directors Malaysia since November 2021.

She began her career as Accounts Executive and later joined Messrs. Baker Tilly Monteiro & Heng after completing her studies. She progressed through the ranks, eventually becoming the Executive Director of Transaction Reporting Division. Following her tenure at Messrs. Baker Tilly Monteiro & Heng, she later joined Dolphin Applications Sdn Bhd as Corporate Affairs Director overseeing corporate exercises, compliance matters, improving internal control systems and reporting structure as well as investor relations. She then embarked on her own business venture, specialising in the provision of business and accounting consultancy.

She currently sits on the Board of Directors of Kim Teck Cheong Consolidated Berhad, SDS Group Berhad, Orgabio Holdings Berhad and SkyWorld Development Berhad as Independent Non-Executive Director of the companies.

She does not have any family relationship with any director/ or major shareholder of Flexidynamic Holdings Berhad.

She attended all Board meetings held during the financial year ended 31 December 2023.

TAN KONG LEONG



Male



50 years old



Malaysian

Tan Kong Leong, a Malaysian, male, aged 50, is our Managing Director. He was appointed to our Board on 9 June 2020. He is responsible for determining the strategic direction and growth of our Group, as well as overseeing the overall business development of our Group.

In 1989, upon completing his Form 2 in Sekolah Menengah Jenis Kebangsaan Seg Hwa, Segamat, Johor, he worked as an apprentice in automotive workshops and metal workshops and was involved in various general contracting works in Penang. In 1992, he moved to Kuala Lumpur and became a freelance technician involved in providing installation, repair and maintenance services for air conditioners.

In December 1996, he set up T&L Air-cond Engineering under a partnership with a business partner who subsequently left the business in 1999. Through T&L Air-cond Engineering, he was involved in providing air conditioner installation, repair and maintenance services for residential and commercial buildings as a subcontractor.

In 2000, T&L Air-cond Engineering ventured into the glove chlorination business as a subcontractor. In 2005, when ZYL Dynamic Sdn Bhd was established by his brother, Tan Kong Kee, T&L Air-cond Engineering became a subcontractor to ZYL Dynamic Sdn Bhd, a company involved in the design and engineering of glove chlorination systems. As a subcontractor, T&L Air-cond Engineering provided fabrication and installation services for glove chlorination systems, storage tanks and process tanks.

With over 12 years of experience in the manufacturing of glove chlorination systems as a subcontractor under T&L Air-cond Engineering since 2000, he set out to establish Flexidynamic Engineering in November 2012 and has been the Managing Director of Flexidynamic Engineering since then. He also ceased to conduct business under T&L Air-cond Engineering since then. In June 2020, he was appointed as the Managing Director of Flexidynamic Holdings Berhad.

He does not hold any directorship in other public listed company. He attended all Board meetings held during the financial year ended 31 December 2023.

PROFILE OF DIRECTORS

(CONT'D)

SIN KUO WEI



Male



33 years old



Malaysian

Sin Kuo Wei, a Malaysian, male, aged 33, is our Deputy Managing Director and Executive Director. He was appointed to the Board on 1 March 2022. He is also the Chairman of the ESOS Committee.

He graduated with a Bachelor of Engineering (Honours) from University of Melbourne, Australia in 2013. He also obtained a Master of Business Administration from Monash University, Malaysia in 2018. He is a Graduate Engineer registered under the Board of Engineers Malaysia since 2020.

He started his career in March 2014 when he joined our Group as Project Engineer. He assisted in the planning and execution of projects including design, development, manufacturing and assembly of our Group's products and systems; as well as liaising with our customers, suppliers, subcontractors and government agencies to ensure smooth and timely delivery of projects. He developed a project management methodology that enables systematic communications and streamlining of interactions between various departments and/or job functions including manufacturing, inventory management and systems installation to increase efficiency of workflows.

In January 2016, he was promoted to Senior R&D Engineer where he took on additional responsibilities to include R&D activities to enhance and improve the efficiencies and functionalities of our existing products and systems. While he was Senior R&D Engineer, he successfully developed an enhanced and upgraded version of process tanks and storage tanks, which led to his promotion to Manager of our R&D in January 2017. As Manager of our R&D department, he led a team of engineers and worked closely with our engineering and production departments to constantly enhance and improve our products and systems in order to meet our customers' requirements and expectations.

In January 2018, he was promoted to Senior Manager of R&D where he led our R&D efforts, involving in monitoring the progress of our R&D projects, and provided advice and guidance to engineers in the enhancement of our existing products and systems as well as the development of new products and systems. Subsequently in July 2018, he was promoted to General Manager. In March 2022, he was promoted and appointed as the Director of Flexidynamic Engineering Sdn Bhd.

In March 2022, he was appointed as the Deputy Managing Director and Executive Director of Flexidynamic Holdings Berhad, a position he holds until today.

He does not have any family relationship with any director/or major shareholder of Flexidynamic Holdings Berhad.

He attended all Board meetings held during the financial year ended 31 December 2023.

LIEW HENG WEI



Male



45 years old



Malaysian

Liew Heng Wei, a Malaysian, male, aged 45, is our Executive Director. He was appointed to our Board on 9 June 2020. He is responsible for overseeing the overall operational processes of our Group, including, amongst others, overseeing the manufacturing of our products and systems, supervising subcontractors' works, managing foreign workers as well as identifying and sourcing suitable suppliers.

In 1997, he completed his secondary education and obtained a Sijil Pelajaran Malaysia at Sekolah Menengah Jenis Kebangsaan Seg Hwa, Segamat, Johor. Upon completion of his secondary education, he joined Polydamic Project Sdn Bhd in December 1997 as Technician, where he was involved in the fabrication and welding of steel pipes, as well as manufacturing of plastic components.

In January 2000, he was promoted to Supervisor where he supervised the workflow of the technician team and provided guidance to junior technicians. In December 2004, he left Polydamic Project Sdn Bhd and joined ZYL Dynamic Sdn Bhd in January 2005 as a Supervisor, where he was involved in the layout design and drawing of glove chlorination systems, supervising production workflow and coordinating the installation of glove chlorination systems at customers' sites. He was also responsible for the implementation and enforcement of quality assurance procedures. He left ZYL Dynamic Sdn Bhd in October 2012.

In November 2012, he co-founded Flexidynamic Engineering with Tan Kong Leong and he was appointed as Director, where he oversaw the operational activities including the designing of glove chlorination systems and products, preparing quotations and tender documents, liaising with customers and consultants, planning production schedules, monitoring production progress, as well as testing and commissioning of systems to ensure smooth and timely delivery of projects. In June 2020, he was appointed as Executive Director of Flexidynamic Holdings Berhad.

He is the spouse of Lion Suk Chin. He does not hold any directorship in other public listed company. He attended all Board Meetings held during the financial year ended 31 December 2023.

PROFILE OF DIRECTORS

(CONT'D)

LION SUK CHIN



Female



43 years old



Malaysian

Lion Suk Chin, a Malaysia, female, aged 43, is our Executive Director. She was appointed to our Board on 9 June 2020. She is responsible for implementing, monitoring and managing our Group's operational processes including administrative functions, human resources management as well as compliance with rules and regulations and industry best practices. She is also a member of the ESOS Committee.

She graduated with a Diploma in Business Studies (Accounting) from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University College) in 2002. Upon graduation, she joined Lai Yeow Kwang & co in May 2002 as Audit Junior, where she assisted in audit works for clients in various industries such as manufacturing, construction, property development, trading and consultancy. In March 2005, she left Lai Yeow Kwang & co and joined Guan & Associates in April 2005 as Audit Semi Senior where she was responsible for audit works, monitoring audit processes to ensure completion within timeframe, reviewing customers' internal control systems, as well as introducing and implementing audit planning memorandums to improve the quality and efficiency of audit processes.

In November 2007, she left Guan & Associates and joined Tomei Gold & Jewellery Manufacturing Sdn Bhd as Accounts Executive, where she was responsible for performing daily accounting and finance tasks covering accounts receivables, general ledger, and cash and bank balance management. In April 2009, she was promoted to Senior Accounts Executive, where her responsibilities covered the accounting and finance functions of Tomei Consolidated Berhad, a company listed on the Main Market of Bursa Securities and its subsidiaries. She was further promoted to Assistant Accountant in 2010, where she undertook additional responsibilities including preparing annual reports, financial statements and quarterly announcements to Bursa Securities, as well as analysing the group's financial information and assisting the preparation of financial forecast and budgets. In 2011, she was transferred to another subsidiary under Tomei Consolidated Berhad, namely Tomei Gold & Jewellery Holdings (M) Sdn Bhd, where she assumed the same designation and responsibilities.

In August 2013, she left Tomei Gold & Jewellery Holdings (M) Sdn Bhd and joined our Group as Assistant Accountant, where she was responsible for the daily finance and accounting functions including, preparing and maintaining financial and management reports, managing cash flow and inventories, handling tax matters as well as legal matters in relation to the finance division of our Group. She was also in charge of administrative and human resource matters of our Group. In January 2014, she was promoted to Finance Manager, where she led and supervised the finance team in performing the daily financial operations and the preparation of statutory reporting of our Group. In addition, she also headed and managed the administrative and human resource functions of our Group. In April 2019, she was promoted and appointed as the Director of Flexidynamic Engineering Sdn Bhd.

In June 2020, she was appointed as Executive Director of Flexidynamic Holdings Berhad.

She is the spouse of Liew Heng Wei. She does not hold any directorship in other public listed company. She attended all Board meetings held during the financial year ended 31 December 2023.

NOOR ZALIZA YATI BINTI YAHYA



Female



46 years old



Malaysian

Noor Zaliza Yati Binti Yahya, a Malaysian, female, aged 46, is our Independent Non-Executive Director. She was appointed to our Board on 9 June 2020, and is also the chairperson of our Audit and Risk Management Committee and member of our Remuneration Committee and Nomination Committee.

She graduated with a Bachelor of Accountancy (Honours First class) from Universiti Putra Malaysia and is a member of the Malaysian Institute of certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA).

Noor Zaliza Yati Binti Yahya is a Chartered Accountant with more than 24 years of professional experience with established organisations in various industries. She began her career in 1999 at KPMG as a financial auditor, and later Arthur Andersen & Co in 2000 and Ernst & Young in 2002. She has since held various roles in finance, statutory reporting, corporate services, treasury and corporate taxation with a variety of companies involved in upstream oil and gas, financial services and marine construction.

In 2010, she joined Petroliaam Nasional Berhad, and was seconded to Petronas Carigali Sdn Bhd, initially as Cost Accountant, moving on in 2012 to become Head, Assets and Cost Allocation Management, Financial Reporting, Upstream Malaysia Finance with responsibility for overall Assets Reporting and Assets Management.

From 2016 to 2017, she served as Chief Financial Officer of Sapura Kencana GE Oil & Gas Services Sdn Bhd, with responsibility for overall finance functions including statutory and management reporting, internal controls, treasury and corporate taxation.

Since then, she has been promoting life insurance and takaful services under Prudential Assurance (Malaysia) Berhad and unit trust fund investments under Public Mutual Berhad. In 2019, she incorporated Zanoor Synergy Services, a sole proprietorship to undertake life insurance, takaful and unit trust investment business activities.

In January 2020, she joined Firmus Consulting Sdn Bhd as Security Consultant where she provided advisory services, including reviewing and providing recommendations on issues relating to information technology security policies and practices. In July 2020, she left Firmus Consulting Sdn Bhd to focus on Zanoor Synergy Services.

She currently sits on Board of Directors of Microlink Solutions Berhad as Independent Non-Executive Director of the Company.

She attended all Board meetings held during the financial year ended 31 December 2023.

PROFILE OF DIRECTORS

(CONT'D)

IR. CHONG KAI FENG



Male



35 years old



Malaysian

IR. Chong Kai Feng, a Malaysian, male, aged 35, is our Independent Non-Executive Director. He was appointed to our Board on 9 June 2020, and is also a chairman of our Remuneration Committee, a member of our Audit and Risk Management Committee, Nomination Committee, and ESOS Committee.

In 2013, he graduated with a Bachelor's Degree in Mechanical Engineering from Multimedia University. Subsequently, he obtained a Master of Business Administration from Monash University in 2018. He is a Professional Engineer registered under the Board of Engineers Malaysia and a member of the Institution of Engineers Malaysia, both since 2019. He is also a member of Malaysia Perak Chinese Chamber of Commerce and Industry since 2015. Upon the completion of his Bachelor's Degree in 2012, he started his career with Terminal Urus Sdn Bhd (a subsidiary of Perak Transit Berhad) in October 2012 as Operations Manager, where he was involved in the day-to-day operations and management of bus terminal activities.

In February 2013, he left Terminal Urus Sdn Bhd and joined his family business, Success Engineering Solutions (M) Sdn Bhd as Project Engineer, where he was involved in project tenders, commercial negotiations and management of construction projects involving steel structures, steel storage tanks and bulk handling facilities. In January 2016, he was promoted to Project Director, where he is involved in strategic management, and project resources and risk management. Mr. Chong left Success Engineering Solutions Sdn Bhd in June 2021.

In July 2017, he set up Kai Advisory, a sole proprietorship process engineering consultancy firm as a founder, a position he presently assumes, where he is responsible for general business development.

In December 2018, he cofounded Winny Ker & Collaborations PLT, a limited liability partnership providing design and build solution for residential and/or commercial projects. He acts as Adviser who provides guidance pertaining operational management.

He does not hold any directorship in other public listed company. He attended all Board meetings held during the financial year ended 31 December 2023.

POH CHEE FONG



Male



52 years old



Malaysian

Poh Chee Fong, a Malaysian male, aged 52, is our Independent Non-Executive Director. He was appointed to our Board on 1 December 2021, and is also the Chairman of our Nomination Committee, a member of our Remuneration Committee and Audit and Risk Management Committee.

He graduated with a Bachelor of Arts (Accounting & Finance) from University of Strathclyde, the United Kingdom in 1994. In 2018, he obtained a Master of Business Administration from Monash University. Currently, he is a fellow member of the Association of Chartered Certified Accountants as well as a member of the Malaysian Institute of Accountants.

In September 1994, he began his career as an Audit Staff at Arthur Andersen & Co and subsequently became an Executive of the Corporate Advisory Department at Malaysian International Merchant Bankers Berhad. In July 1999, he joined OSK Securities Berhad where he was holding various positions, namely, Vice President of Institutional Sales, Vice President of Fixed Income and Head of Priority Broking. In February 2006, he left OSK Securities Berhad for Credit Suisse Singapore as a Relationship Manager of the Private Banking Division. In November 2009, he left Credit Suisse Singapore and joined Green Packet Berhad as the Head of Corporate Communication & Investor Relations (IR), where he was responsible for the strategic planning and implementation of IR activities and corporate communication of the company. In October 2011, he left Green Packet Berhad for Sime Darby Berhad as a Head of Investor Relations, where he was in charge of the strategic planning of the company's IR activities, executing IR engagement programs with its stakeholders with increasing emphasis on sustainability and sustainability reporting. In July 2020, he left Sime Darby Plantation Berhad and joined Esente Advisory Sdn Bhd as an Executive Director. He was responsible for strategic communication advisory which specializes in Investor Relations, Public Relations and corporate advisory services for public listed companies on Bursa Malaysia. He left Esente Advisory Sdn Bhd and joined Lotte Chemical Titan Berhad in April 2022, as a Director of IR and Communications, a position he holds until today.

He does not have any family relationship with any director/ or major shareholder of Flexidynamic Holdings Berhad. He attended all Board meetings held during the financial year ended 31 December 2023.

Other Information

- All the Directors are Malaysian.
- The Group has entered into recurrent related party transactions with parties in which the directors of the Company, namely Tan Kong Leong has direct and/or indirect interests as disclosed in Note 31 of the Financial Statements section of this Annual Report.
- Save for the above mentioned disclosure, none of the other directors have any conflict of interest with the Company.
- None of the Directors has been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the year.
- Tan Kong Leong and Liew Heng Wei are major shareholders of the Company.

PROFILE OF KEY SENIOR MANAGEMENT

TAN KONG LEONG

Tan Kong Leong's profile is available on Page 6

SIN KUO WEI

Sin Kuo Wei's profile is available on Page 7

LIEW HENG WEI

Liew Heng Wei's profile is available on Page 7

LION SUK CHIN

Lion Suk Chin's profile is available on Page 8

CHEN LI CHIN



Female



42 years old



Malaysian

Chen Li Chin, a Malaysian female, aged 42, is our Financial Controller. She joined our Group on 14 June 2021. She is responsible for overseeing our Group's overall financial matters including accounting, taxation, corporate finance and treasury functions. She is also a member of the ESOS Committee.

She is a chartered accountant and a member of Malaysian Institute of Accountants since 2018. She is also a member of The Association of Chartered Certified Accountants ("ACCA") since 2017 and fellow member of ACCA since 2022.

She started her career as an Audit Junior at S.M.Tuang & Co in September 2004, where she was primarily involved in various statutory audit assignments and also involved in Taxation. In December 2010, she left S.M.Tuang & Co and joined SJ Grant Thornton as Audit Supervisor. She was subsequently promoted to Audit Assistant Manager, Audit Manager and Audit Senior Manager in 2011, 2012 and 2014 respectively where her role was extended to leading and monitoring a team of audit associates in various audit assignments.

In August 2017, she was promoted to the Principal at Grant Thornton Malaysia, where she acted as the second reviewer, with a strong focus on statutory audit of listed companies in the Main Market and ACE Market of Bursa Malaysia. During this time, she is also responsible for due diligence review, corporate exercises, IPOs, and merger and acquisitions.

In July 2019, she left Grant Thornton Malaysia for the role of Financial Controller at IRS Software Solution (M) Sdn Bhd, where she developed organization financial strategies and recommended strategic directions.

In June 2021, she left IRS Software Solution (M) Sdn Bhd and joined our Group as the Financial Controller, a position she holds until today.

She does not have any directorship in other public listed company.

Other Information

- All the key senior management personnel are Malaysian.
- Save for Tan Kong Leong, none of the key senior management personnel have any conflict of interest with the Company.
- None of the key senior management personnel has been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the year.

CHAIRPERSON'S STATEMENT

Dear Value Shareholders,

On behalf of the Board of Directors ("Board"), I am hereby to present the fourth annual report and audited financial statements of Flexidynamic Holdings Berhad ("Flexidynamic" or the "Company") and its subsidiaries ("Group") for the financial year ended 31 December 2023 ("FY2023").

The global market is facing a slowdown in the face of oversupply resulting from excessive capacity expansion during the Covid-19 pandemic. Flexidynamic is challenging and has resulted in a lower revenue with little profit for FY2023. In these difficult times, we remain cautiously optimistic and strive to overcome the challenges of the glove manufacturing scene by riding the wave of the upcoming increase in demand for rubber gloves, especially in emerging markets with low glove consumption where gloves are essential, particularly in the healthcare sector.

YEAR IN REVIEW

With this formidable challenging year, the Group posted total revenue of RM38.26 million, derived mainly from the design, engineering, installation, and commissioning of glove chlorination systems. The significant decrease of 56.66% in revenue for the financial year under review compared to RM88.29 million documented for the preceding financial year ended 31 December 2022 ("FY2022") was mainly attributed to slowdown in expansion by our customers and completion of certain projects.

In FY2023, Flexidynamic focus on mitigating the impact on our operation with better cost management and operational efficiency. Therefore, the Group recorded profit margin increased by 12.05% to 27.39% in the financial year compared to 15.34% in the previous financial year.

CHAIRPERSON'S STATEMENT

(CONT'D)

MOVING AHEAD

As the business environment remains challenging in the near future, the Group will continue to improve and innovate to weather this challenging period while implementing sustainable business practices.

With recently the Group has been received pivotal Letter of Award ("**LOA**") valued at RM12.4 million awarded by Usaha Pammek Sdn Bhd ("**Usaha Pammek**"), entails the supply and installation of mechanical and electrical works for the water treatment plant and intake at Loji Rawatan Air Bukit Chupak, Jajahan Gua Musang, Kelantan.

The Group are immensely proud to be awarded this significant contract, which not only showcases Flexidynamic's diverse engineering strength but also aligns with our strategic goals for diversification and growth. This project underscores our commitment to delivering substantial value to our shareholders and highlights our readiness to capitalise on the opportunities presented by the recovering glove industry.

DIVIDEND

With the persistently tough situation with impacted the Group revenue during the current financial year, Flexidynamic was not able to declared a dividend to its shareholders for FY2023.

APPRECIATION

On behalf of the Board of Directors, I would like to thank our esteemed customers, business partners and shareholders for your unwavering support, invaluable trust and continued confidence in Flexidynamic throughout the years.

I would also like to take this opportunity to express my heartfelt gratitude to my fellow Board members for their insights and experience which have been valuable brining through this thoughtful year and members of our staff for their commitment, toughness and continuous contribution through yet another challenging year.

PHANG SZE FUI

Independent Non-Executive Chairperson



MANAGEMENT DISCUSSION AND ANALYSIS



COMPANY BUSINESS OVERVIEW

Flexidynamic Holdings Berhad (“**Flexidynamic**” or the “**Company**”) and its subsidiaries (“**Group**”) is principally involved in the business of design, engineering, installation and commissioning of glove chlorination systems, as well as design and installation of storage tanks and process tanks for the glove manufacturing industry.

The Group’s business segment includes glove chlorination system, storage and process tanks, other product and services, trading and trading of replacement parts and repair, refurbishment and maintenance.

FRP lining services for trenches, pits and floors for better chemical resistance, and design and install scrubber system to treat and draw acidic fumes from former cleaning areas are provide by the Group under other products and services segment.

In addition, the Group is involved in the trading of raw materials and replacement parts for glove chlorination systems and also undertakes repair, refurbishment and maintenance works for glove chlorination systems for its customers as and when required.

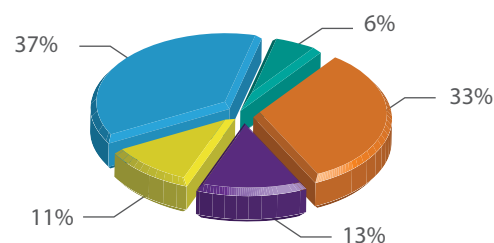
Revenue of the Group is generated from both local and overseas sales and the currencies used for billing are namely the Malaysian Ringgit (RM) and United States Dollar (USD).

FINANCIAL PERFORMANCE

The global oversupply of gloves affecting our customers is expected to continue and no significant market recovery is expected to occur, due to excessive capacity expansion by glove manufacturers during the Covid-19 pandemic. Capacity rationalisation leading to a slowdown in glove manufacturers’ expansion is expected to have a negative impact on the Group, as project-driven revenue remains the Group’s top revenue contributor.

Against this intensely challenging backdrop, the Group recorded a total revenue of RM38.26 million, a decrease of 56.66% for the financial year ended 31 December 2023 (“**FY2023**”) under review as compared to RM88.29 million documented for the preceding financial year ended 31 December 2022 (“**FY2022**”).

Revenue by Segment



- Glove chlorination system
- Repair, refurbishment and maintenance
- Trading and trading of replacement part
- Other product and services
- Storage and process tanks

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

Revenue by Geographical Locations

The Group's services customers in Malaysia and overseas which located at United States of America, Thailand, Vietnam and Sri Lanka.



For FY2023, the Group recorded RM38.26 million in total revenue, of which RM14.61 million, equivalent to 38.19% was contributed by local sales. Meanwhile, the balance of RM23.65 million in revenue was contributed by overseas sales, of which RM13.78 million (36.02%) was contributed by United States of America, RM5.68 million (14.84%) was contributed by Thailand, RM4.07 million (10.64%) was contributed by Vietnam, and RM0.12 million (0.31%) was contributed by Sri Lanka respectively.

Gross Profit and Gross Profit Margin

The Group's gross profit amounted to RM10.48 million in FY2023 compared to RM13.54 million in FY2022. The Group notes that although the gross profit decreased, the gross profit margin increased by 12.05% to 27.39% in the financial year compared to 15.34% in the previous financial year. This is mainly due to better cost management, which makes optimal use of the raw materials available for production.

Profit Before Tax and Profit After Tax

Despite the Group recorded lower revenue in FY2023, the Group have recorded Profit Before Tax ("PBT") of RM1.96 million, an increase of 250.77% as compared to Loss Before Tax ("LBT") of RM1.30 million for FY2022. The improved from LBT to PBT was mainly due to the Group's provided an allowance of expected credit losses on trade receivables of RM4.08 million and recorded unrealised loss on foreign exchange of RM1.44 million resulted from the strengthening of RM against USD at the end of 2022.

Correspondingly, the Group concluded FY2023 with Profit After Tax ("PAT") of RM0.38 million as compared to Loss After Tax ("LAT") of RM4.05 million registered for FY2022. The PAT recorded for FY2023 was mainly due to lower tax expenses for FY2023 as there was higher reversal of deferred tax assets arising from the recognition of contract liabilities in FY2022.

Liquidity and Capital Resources

With caution utilisation fund of the Group, the Group reports a tiny financial position for FY2023 with cash and cash equivalents of RM8.15 million as compared to RM11.48 million recorded for FY2022. The Group's cash flow slightly decreased due to higher of financing activities of the Group via repayments of bank borrowings during the FY2023 although the Group have cash generated in investing activities. The Group's gearing ratio is at 0.22 times.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

DIVIDEND

With the persistently tough situation with impacted the Group revenue during the current financial year, Flexidynamic was not able to declared a dividend to its shareholders for FY2023.

EXPECTED OR PERCEIVED RISKS

1. Highly dependent on the glove industry for our success and growth

Our Group's performance is largely dependent on the glove industry as we primarily serve glove manufacturers and glove-dipping line manufacturers. As such, a decline in the global and domestic demand for gloves by end-users may lead to a slowdown in the glove industry, which will eventually have negatively impact on our financial performance.

Our Group is constantly looking for the opportunity to diversify our expertise and/or product to other industries.

2. The Group are subject to volatility in prices of our raw materials

Raw materials pricing such as plastic resins and mild steel are subject to fluctuations as a result of global demand and supply conditions.

The Group will continue to monitor closely the price movement of the raw materials and attempt to mitigate any negative impact on Group's profitability. We persist to minimise the impact on the Group's operations and financial performance by purchasing the raw materials upon receipt of confirmed orders from our customers.

3. We are subject to higher credit risk or bad debts

The Group generally grant the customer credit periods between 30 to 90 days. In the event that the payment is not received within the credit period, the Group may provide allowance for expected credit losses on trade receivables or write off trade receivables as bad debt, which will adversely affect the Group's financial performance.

The Group is determined to improve our collection rate by closely following up with customers with overdue outstanding payments.

FORWARD LOOKING

The global oversupply of gloves affecting our customers is expected to continue and no significant market recovery is expected to occur, due to excessive capacity expansion by glove manufacturers during the Covid-19 pandemic. Capacity rationalisation leading to a slowdown in glove manufacturers' expansion is expected to have a negative impact on the Group, as project-driven revenue remains the Group's top revenue contributor.

Notwithstanding the current negative sentiment, global glove consumption is expected to increase in the long term as awareness and use of gloves increases, especially in emerging markets with low glove consumption where gloves are essential, particularly in the healthcare sector.

However, as the business environment remains challenging in the near future, the Group will continue to focus on better cost management, operational efficiency and cash management to mitigate the impact of the negative business environment. The Group will continue to improve and innovate to weather this challenging period while implementing sustainable business practices.

The Group has recently awarded a project for the supply and installation of mechanical and electrical works for the water treatment plant and water intake at Loji Rawatan Air Chupak, Jajahan Gua Musang, Kelantan. This project is expected to contribute positively to the Group's earnings.



**Flexidynamic
Holdings Berhad**

**Sustainability
Statement
FY2023**

SUSTAINABILITY STATEMENT

(CONT'D)

Table of Content



Purpose Driven Towards Sustainable Action	18	Sustainability Governance	33
Touching on Our Initiatives	18	Corporate Governance and Anti-Corruption	34
Setting The Reporting Scope	18	Data Privacy and Cybersecurity	36
Our Alignment with Frameworks and Standards	18	Risk Management	36
Verification and Assurance	18	Environmental Sustainability	37
Gathering Insights and Feedback	18	Energy Efficiency and Climate Resilience	38
Sustainability Dashboard FY2023	19	Waste Management	40
Milestones and Highlights	20	Water Consumption	41
Our Strategic Sustainability Approach	21	Social Sustainability	42
Flexidynamic's ESG Supporting Framework	21	Health and Safety	43
Integrating Principles for Sustainable Progress	22	Labour Practices and Standards	44
Contributing to Global Goals	22	Diversity and Inclusivity	48
Measuring Performance	23	Supply Chain Management	50
Enabling Ethical Governance	24	Product Quality and Customer Satisfaction	51
Conversing with Our Stakeholders	25	Community Engagement	52
Identifying Sustainability Focus	27	Reflecting on Our Journey and the Road Ahead	53
The Materiality Assessment and Process	27	Performance Data Table	54
Insights from the Matrix	28	GRI Content Index	57
Mapping Our Key Focus Areas	29		
Driving Emissions Reduction	31		
Introducing Our Climate-related Strategies	31		

SUSTAINABILITY STATEMENT

(CONT'D)

Purpose Driven Towards Sustainable Action

Touching on Our Initiatives

As a manufacturer of glove chlorination systems, Flexidynamic Holdings Berhad ("**Flexidynamic**" or "**the Group**") remains steadfast in our commitment to integrating responsible business values into our operations. In line with this, our sustainability statement for the fiscal year 2023 ("**FY2023**") offers an overview of the advancements and accomplishments across our environmental, social and governance ("**ESG**") initiatives.

For the reporting year, we conducted a materiality reassessment in line with Bursa Malaysia's Enhanced Listing Requirements which keeps us responsive to evolving sustainability imperatives, elevating our competitiveness within the industry.

Our commitment to the United Nations Sustainability Development Goal ("**UN SDG**") was reflected through the adoption of SDG 8, Decent Work & Economic Growth. We also established quantifiable benchmarks in the form of sustainability key performance indicators ("**KPI**") that enable us to assess our current performance and set clear targets for future ESG-related pursuits.

As part of our efforts to address climate change, we have extended our greenhouse gas ("**GHG**") disclosures to include Scope 3 emissions and implemented climate-related reporting practices.

Setting The Reporting Scope

The statement encapsulates our sustainability performance at the following locations throughout the reporting period from January 1, 2023, to December 31, 2023.

Flexidynamic Holdings Berhad

- Headquarters ("HQ") in Puchong, Selangor
- Factory and office in Banting, Selangor
- Warehouse in Ipoh, Perak

Data from the warehouse in Ipoh only comprises information up to June 2023, as operations permanently ceased thereafter. Three years of comparative data are included where available to illustrate yearly trends and track our sustainability progression.

Our Alignment with Frameworks and Standards

This statement is prepared in reference to Bursa Malaysia Securities Berhad ACE Market Listing Requirements ("**AMLR**"), Bursa Malaysia's Sustainability Reporting Guide (3rd Edition), the Illustrative Reporting Guidelines. We are also guided by the Global Reporting Initiative ("**GRI**") Standards and the UN SDGs.



Verification and Assurance

All sustainability data presented in this statement was internally sourced from all respective division heads and information owners, ensuring its accuracy through internal validation processes. We aim to continually improve the quality of our data collection and analysis processes to further strengthen our disclosures.

Gathering Insights and Feedback

Feedback is invaluable in helping us identify areas for growth and enhancement in our sustainability efforts. Please direct any comments or suggestions to our contact listed below.

Flexidynamic Holdings Berhad
+603-8079 1878
fde@flexidynamic.com

SUSTAINABILITY STATEMENT

(CONT'D)

Sustainability Dashboard FY2023

Sustainability Governance



Zero
corruption
cases



Zero
whistleblowing
cases



Zero
complaints regarding
security or privacy
breaches

Environmental Sustainability



23%
reduction in
total energy
consumption



21%
reduction in
Scope 1
emissions



Initiated
Scope 3
emissions
reporting



454kg
total waste
diverted from
landfills



6.6%
reduction in
total water
consumed

Social Sustainability



Zero
fatalities and
lost-time injuries



717
total training
hours recorded



96%
of our expenditure
on local suppliers



Zero
labour standards
and human rights
non-compliance
incidents



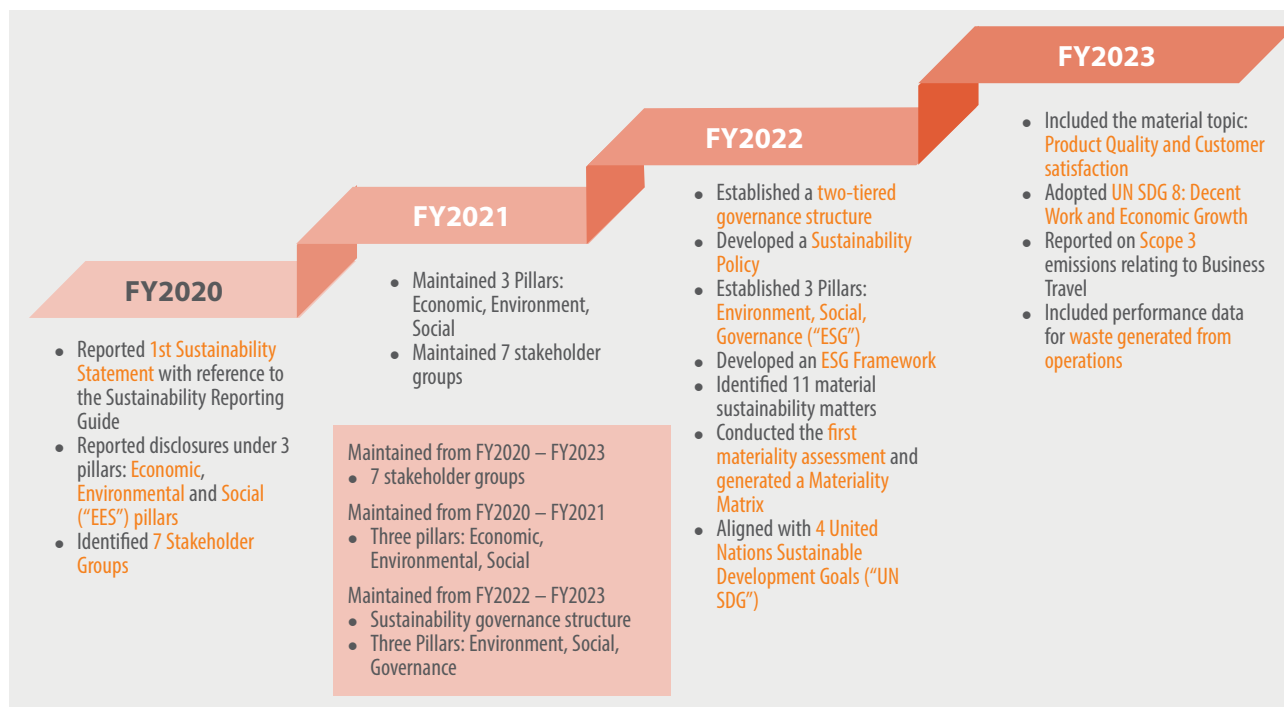
RM11,000
channelled to community
contributions

SUSTAINABILITY STATEMENT

(CONT'D)

Milestones and Highlights

As our Group progresses through the years, we remain resolute in our objective to contribute to continued growth and sustained value. With strategic policies and frameworks in place, we look forward to enhancing our sustainability initiatives in upcoming years while maximising our ESG performance.



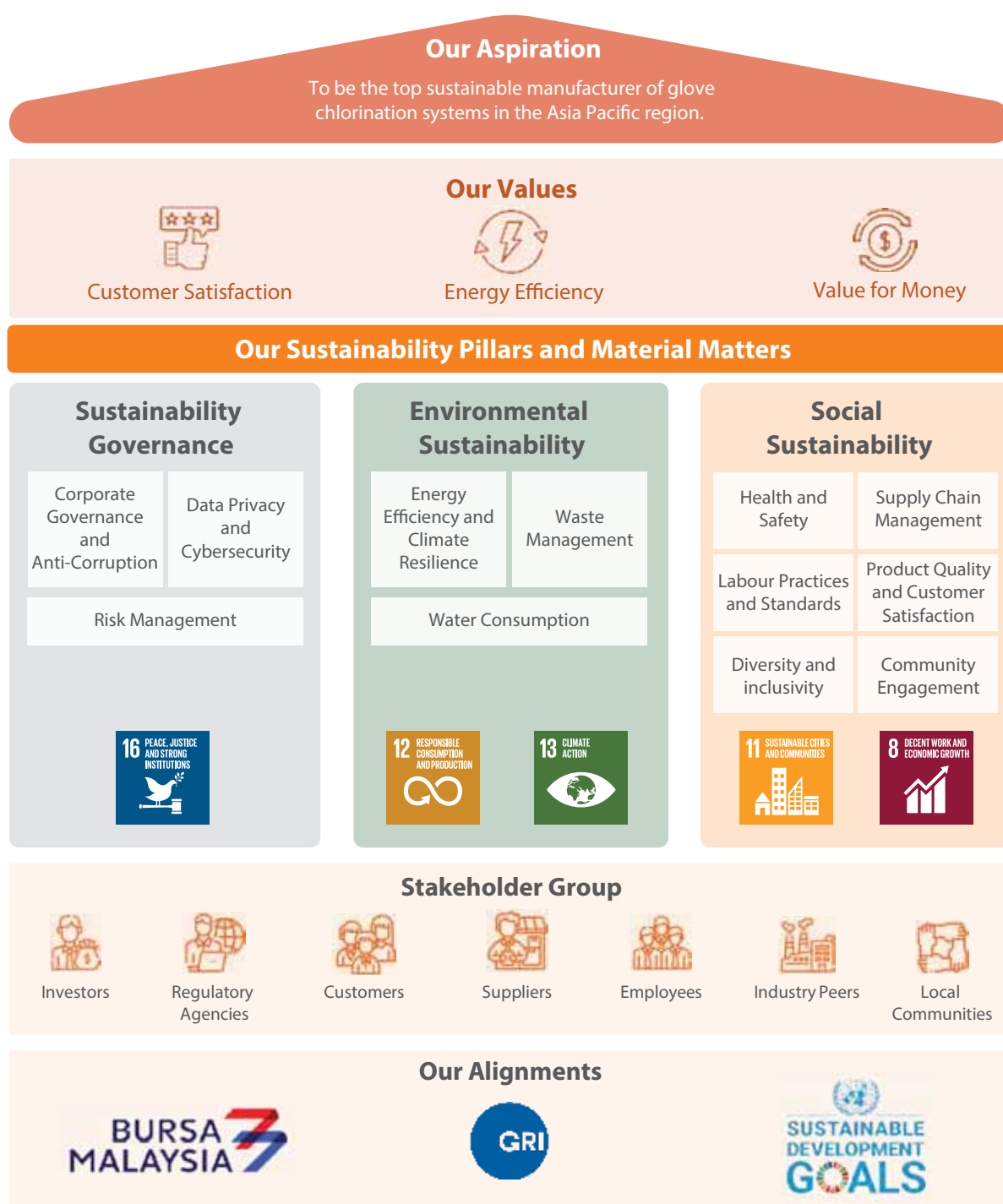
SUSTAINABILITY STATEMENT

(CONT'D)

Our Strategic Sustainability Approach

Flexidynamic's ESG Supporting Framework

Our ESG framework is an integral component of Flexidynamic's sustainability strategy and long-term business success. Anchored by our values and three key sustainability pillars, this systematic structure works to assimilate ESG values into our business conduct in alignment with our five UN SDGs.






SUSTAINABILITY STATEMENT

(CONT'D)

Integrating Principles for Sustainable Progress




Flexidynamic's Sustainability Policy is a Board-approved, overarching guideline that serves to reinforce our sustainability initiatives. It steers our strategies, policies and procedures in alignment with our long-term commitments across all aspects of our operations.

 Sustainability Governance	 Environmental Sustainability	 Social Sustainability
<ul style="list-style-type: none"> ➤ Adhere to all regulatory and legal requirements ➤ Prevent all forms of bribery and corruption ➤ Take appropriate remedial actions in the event of shortcomings ➤ Ensure the protection and privacy of customers' and employees' personal data ➤ Conduct business with the highest standards of ethics 	<ul style="list-style-type: none"> ➤ Mitigate our environmental impacts through the implementation of proper waste and effluent management practices ➤ Incorporate monitoring systems to evaluate and aid in long-term improvement ➤ Improve resource, water and energy consumption efficiency by optimising business activities and promoting environmentally-friendly business practices ➤ Initiate climate change adaptation activities through assessment of risks and opportunities 	<ul style="list-style-type: none"> ➤ Foster a conducive work environment for employees by implementing health and safety best practices across our operations ➤ Respect internationally recognised human rights and labour standards and advocating against practices such as child labour, forced labour, trafficking, and modern slavery at every stage of the value chain ➤ Embrace diversity and inclusivity by enforcing a zero-tolerance policy for bullying, harassment and discrimination

Contributing to Global Goals


A visionary blueprint, the UN SDGs are comprised of 17 goals aimed at addressing the world's most pressing challenges by 2030. They stand as a unified call to humanitarian action, urging global cooperation in action towards an inclusive future.

This year, we expanded our contribution to global sustainability by embracing an additional goal, UN SDG 8 (Decent Work & Economic Growth).

UN SDGs	Targets	Flexidynamics's Initiatives
	8.8: Protect labour rights and promote safe and secure working environments for all workers	<ul style="list-style-type: none"> ➤ The health and safety management system complies with the Occupational Safety and Health Administration ("OSHA") and Department of Occupational Safety and Health ("DOSH").
	11.1: Ensure access for all to adequate, safe and affordable housing and basic services	<ul style="list-style-type: none"> ➤ Donated a total of RM11,000 to organisations supporting the welfare of vulnerable children in FY2023 ➤ Provided employees access to adequate, safe and affordable housing
	12.2: Achieve the sustainable management and efficient use of natural resource 12.5: Reduce waste generation through prevention, reduction, recycling and reuse	<ul style="list-style-type: none"> ➤ Achieved an 6.6% reduction in water consumption ➤ Achieved a 40% reduction in electricity consumption ➤ Initiated tracking on scheduled waste in FY2023. ➤ Increased efforts for non-scheduled waste recycling in FY2023.

SUSTAINABILITY STATEMENT

(CONT'D)

UN SDGs	Targets	Flexidynamics's Initiatives
	13.1: Strengthen resilience and adaptation to climate-related hazards	<ul style="list-style-type: none"> ➤ In FY2023, Flexidynamic achieved an 21% reduction in Scope 1 Emissions. ➤ Inaugural reporting of Scope 3 emissions resulting from Business Travel.
	16.5: Substantially reduce corruption and bribery	<ul style="list-style-type: none"> ➤ Established Fit and Proper Policy to ensure fair and equitable board membership. ➤ Conducted training on the Group's Anti-Bribery and Corruption Policy, Ethics and Compliance Whistle Blowing Policy for employees.

Measuring Performance

In FY2023, we strategically implemented sustainability-oriented operational Key Performance Indicators ("KPIs") to track the success of our initiatives. These metrics maintain alignment to and the accountability of our sustainability goals throughout the Group, sustaining our performance over the short, medium and long-term.

Material Matters	KPIs	FY2023 Progress
Governance		
Corporate Governance and Anti-Corruption	Zero cases of bribery and corruption	Achieved zero cases of bribery and corruption
Data Privacy and Cybersecurity	Zero breaches in data privacy and cybersecurity	Achieved zero breaches in data privacy and cybersecurity
Social		
Health and Safety	Achieve zero fatalities and lost time incident rate of less than 0.8	Zero fatal injuries recorded Lost Time Injury Rate = 0.00
Labour Practices and Standards	Achieve zero cases of human rights violation, including forced labour, child labour, discrimination and harassment	Zero cases of human rights violation
Supply Chain Management	Allocate 98% of procurement expenditure to local suppliers	96% procurement expenditure allocated to local suppliers
Environment		
Climate Change and Energy Consumption	Achieve more than 25% reduction in total energy consumption	23% reduction in total energy consumption compared to FY2022
	Achieve more than 25% reduction in Scope 1 GHG emissions	21% reduction in Scope 1 GHG emissions compared to FY2022
Water Consumption	Achieve more than 8% reduction in water consumption	6.6% reduction in water consumption compared to FY2022

SUSTAINABILITY STATEMENT

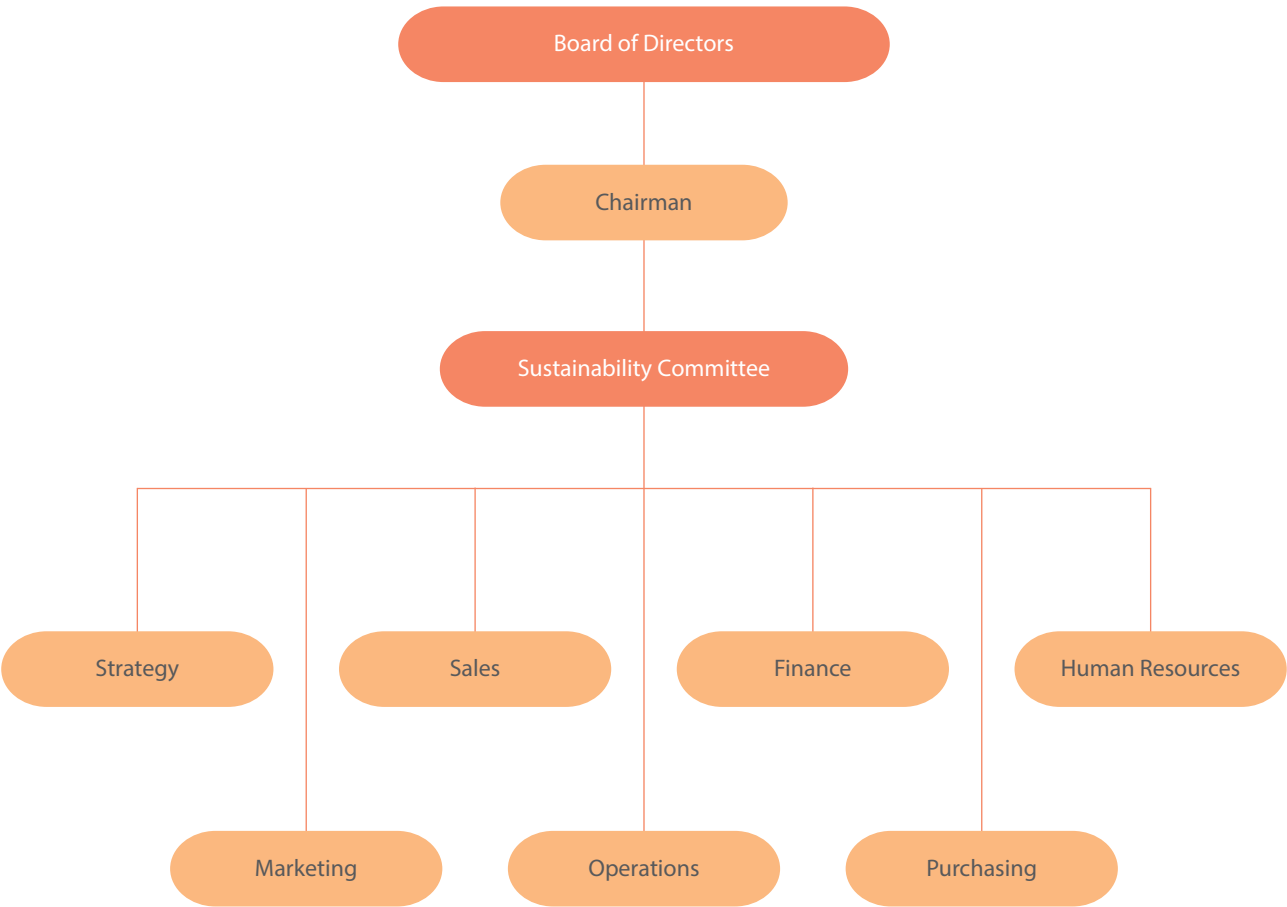
(CONT'D)

Enabling Ethical Governance

Our two-tier governance structure effectively delineates the roles and responsibilities of each managerial tier, embedding sustainability considerations throughout Flexidynamic and enabling us to sustain exemplary governance standards.

The Board provides strategic oversight over ESG matters and their integration within our operations, as well as effective risk management. Supporting the Board, the SC supervises the implementation of our sustainability strategies, policies and targets within our daily operations, tracking their progress and reporting directly to the Board.

Members of our Board of Directors are selected per the guidelines outlined in our independence policies, the Board Charter and Director's Fit and Proper Policy. To guarantee impartial decision making, at least two members or one-third of the Board maintains independence.







SUSTAINABILITY STATEMENT

(CONT'D)




Conversing with Our Stakeholders

Given the social, economic and environmental factors that influence our sector, proactive stakeholder engagement is an essential component of our business strategy. We gather feedback through multiple channels to understand their concerns, allowing us to develop tailored responses that meet their needs effectively.

Frequency of Engagement				
■ Annual ■ Quarterly ■ On-going ■ Ad-hoc				
Stakeholder Groups	Why are they Important?	Matters Raised	Engagement Channels	Flexidynamic's Response
Investors 	Investors are key decision-makers who provide capital, evaluate performance, and influence governance for the Group's long-term growth and success.	<ul style="list-style-type: none"> ➤ Financial performance ➤ Sustainable financial returns ➤ Business strategy and continuity ➤ Sustainable dividend policy ➤ Corporate governance 	<ul style="list-style-type: none"> ■ Annual Report ■ Annual General Meeting ■ Financial Statements ■ Company Website 	<ul style="list-style-type: none"> ➤ Annual auditing ➤ Quarterly reporting
Regulatory Agencies 	Engagement with regulatory agencies allows us to navigate the legal and regulatory environment. By collaborating with them, we enhance our understanding of regulations and strengthen our risk management practices.	<ul style="list-style-type: none"> ➤ Compliance with corporate governance ➤ Compliance with all local laws and regulations ➤ Compliance with labour, environmental and health regulations 	<ul style="list-style-type: none"> ■ Annual Report ■ Seminar or information sessions held by authorities 	<ul style="list-style-type: none"> ➤ Compliance with latest laws and regulations ➤ Engagement with regulatory bodies and government
Customers 	Customers influence our revenue and growth trajectory. Engaging with them enables us to understand and address their needs, allowing us to cultivate enduring relationships that foster customer loyalty.	<ul style="list-style-type: none"> ➤ Resolving complaints efficiently ➤ Pricing and product quality ➤ Timely service and product delivery ➤ Relationship building ➤ Health & safety 	<ul style="list-style-type: none"> ■ Regular feedback and meetings ■ Participation in industry networking events ■ Active engagement building 	<ul style="list-style-type: none"> ➤ Timely response towards customers' concern ➤ Competitive pricing ➤ Customer engagement
Suppliers 	Suppliers play a key role by providing the necessary resources and materials to support Flexidynamic's operations.	<ul style="list-style-type: none"> ➤ Transparent procurement practices ➤ Regular/on-time payment schedule ➤ Transparent pricing ➤ Timely delivery 	<ul style="list-style-type: none"> ■ Contracts ■ Vendor registration ■ Payments 	<ul style="list-style-type: none"> ➤ Constant and regular engagement ➤ Quality assessment

SUSTAINABILITY STATEMENT

(CONT'D)

Stakeholder Groups	Why are they Important?	Matters Raised	Engagement Channels	Flexidynamic's Response
Employees 	<p>Employees contribute to the Group's success, contributing skills and expertise that drive our operations. Providing them a positive work environment enhances productivity and the Group's resilience.</p>	<ul style="list-style-type: none"> ➤ Training and development ➤ Occupational health & safety ➤ Competitive remuneration and rewards ➤ Labour and human rights ➤ Work-life balance ➤ Corporate direction and growth plans ➤ Job security 	<ul style="list-style-type: none"> ■ Training and development ■ Safety training and awareness ■ Appraisals ■ Whistle-blowing policy 	<ul style="list-style-type: none"> ➤ On-job training and development ➤ Work performance evaluation ➤ Provision of quality accommodation in accordance with Minimum Standard of Housing, Accommodations and Amenities ➤ Improved safety
Industry Peers 	<p>Collaborating with industry peers keeps Flexidynamic conversant with industry trends and best practices. These partnerships also provide benchmarking opportunities and valuable networking opportunities.</p>	<ul style="list-style-type: none"> ➤ Industry best practices 	<ul style="list-style-type: none"> ■ Participating in networking events 	<ul style="list-style-type: none"> ➤ Constant and regular engagement
Local Communities 	<p>Communities can be positively influenced by our responsible practices, allowing us to build trust and contribute to local development which influences our social license to operate.</p>	<ul style="list-style-type: none"> ➤ Building good relationships ➤ Local environmental and social impact of operations ➤ Community involvement 	<ul style="list-style-type: none"> ■ Corporate social responsibility 	<ul style="list-style-type: none"> ➤ Donations ➤ Festive events

SUSTAINABILITY STATEMENT

(CONT'D)

Identifying Sustainability Focus

The Materiality Assessment and Process

As an integral part of our sustainability strategy, materiality reassessments play a crucial role in identifying our most significant sustainability concerns. Conducting these reassessments aligns us with evolving industry trends and legislative changes, enabling us to effectively navigate the risks and opportunities associated with each material matter.

For the reporting year, we conducted a materiality reassessment to guide the prioritisation of our sustainability initiatives. We identified 12 material matters pivotal to our operations and stakeholder interests in compliance with Bursa Malaysia's ACE Market Listing Requirements and the Sustainability Reporting Guide (3rd edition),

01 Identification:

A benchmarking exercise against industry standards and compliance assessment against Bursa Malaysia's ACE Market Listing Requirements was conducted to review and redefine the 12 material sustainability matters identified in FY2023.

04 Validation and Approval:

The materiality matrix was presented to the Senior Management for validation and the Board of Directors for approval.



02 Survey:

Key stakeholders attended an online Materiality Assessment Workshop and completed an online Google survey form to rank the material matters in order of importance to the business and to stakeholders

03 Prioritisation and Generation of Matrix:

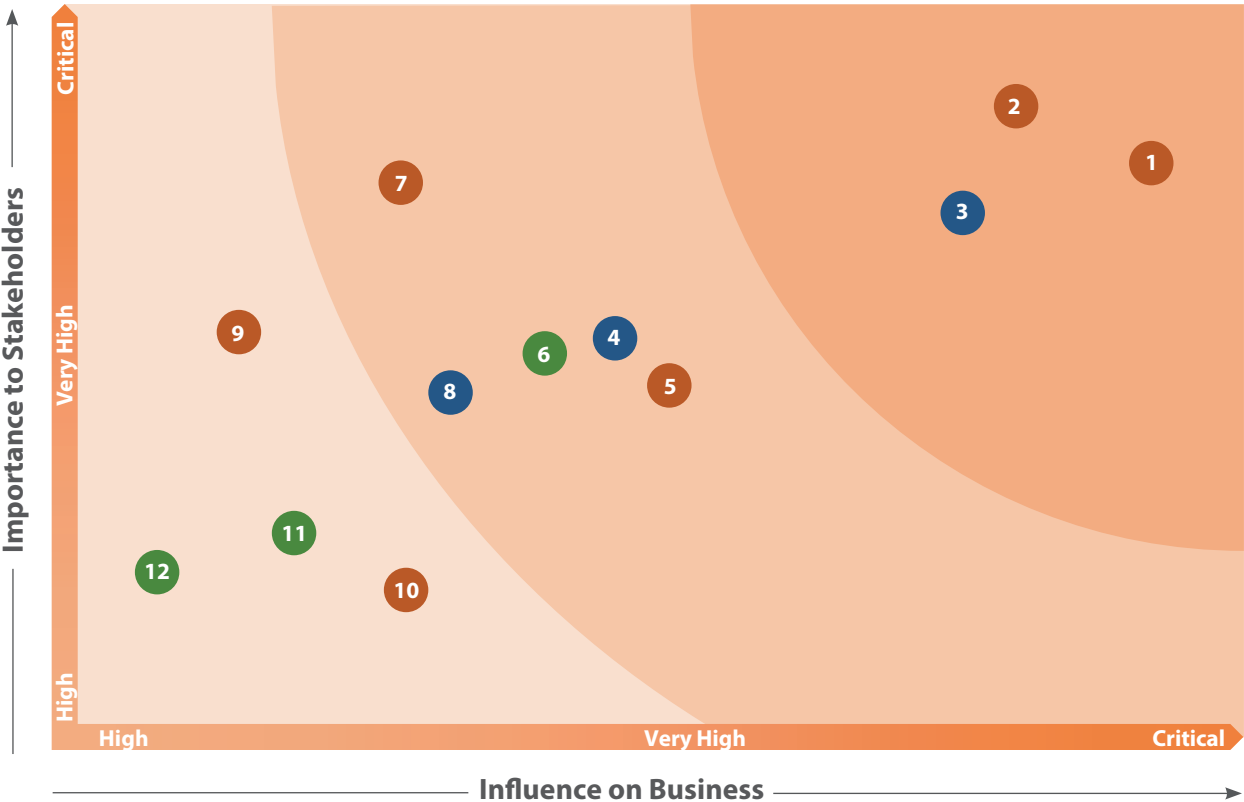
The responses from the materiality assessment forms were collated and analysed to generate a materiality matrix using the weighted average method.

SUSTAINABILITY STATEMENT

(CONT'D)

Insights from the Matrix

The materiality matrix serves as a visual depiction of our materiality assessment findings, capturing the most critical material issues by considering stakeholder expectations, business contexts and evolving sustainability trends. Based on the outcome of the materiality reassessment, **Product Quality and Customer Satisfaction**, **Health and Safety**, and **Corporate Governance and Anti-Corruption** were ranked as the top three material sustainability matters for FY2023.



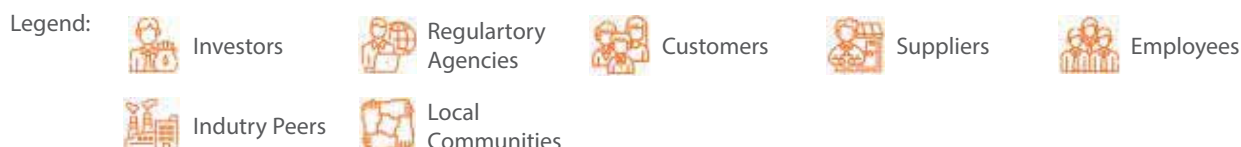
Sustainability Governance		Environmental Sustainability		Social Sustainability	
3	Corporate Governance and Anti-Corruption	6	Energy Efficiency and Climate Resilience	1	Product Quality and Customer Satisfaction
4	Data Privacy and Cybersecurity	11	Waste Management	2	Health and Safety
8	Risk Management	12	Water Consumption	5	Supply Chain Management
				7	Labour Practices and Standards
				9	Community Engagement
				10	Diversity and Inclusivity

SUSTAINABILITY STATEMENT

(CONT'D)

Mapping Our Key Focus Areas
















The following diagram illustrates the interconnection between our material matters, key stakeholder groups, adopted UN SDGs and three sustainability pillars.



Material Matters	Our Approach	UN SDGs	Stakeholder Groups
Sustainability Governance			
Corporate Governance & Anti-Corruption	Guided by a robust governance structure, we implement policies, codes and procedures that ensure an ethical business process within the Group and for those we engage with.		
Data Privacy and Cybersecurity	Utilising data privacy policies, procedures and industry best practices, we safeguard our customers' data privacy from cybersecurity breaches.		
Risk Management	Our risk management approach guides how we identify and manage new risks in an effective manner.		
Environmental Sustainability			
Energy Efficiency and Climate Resilience	We mitigate our impact on the environment and tackle climate change by managing our energy consumption to minimise greenhouse gas emissions.		
Waste Management	The Group minimises environmental impacts by managing waste disposal and minimising general waste generation. We implement our own wastewater treatment to prevent adverse impacts to surface water and the environment.	 	
Water Consumption	The Group aims to manage our water consumption efficiently across our operations using adopted measures.		

SUSTAINABILITY STATEMENT

(CONT'D)

Material Matters	Our Approach	UN SDGs	Stakeholder Groups
Social Sustainability			
Product Quality and Customer Satisfaction	We ensure the safety and quality of our products via compliance with international quality standards and fair product pricing.		
Health and Safety	We ensure the health and safety of our employees by maintaining a safe and conducive working environment.	 	
Supply Chain Management	We procure from local suppliers and maintain a local supply base to support the local economy.		
Labour Practices and Standards	The Group respects the rights of employees and the community, implementing measures and procedures to safeguard their rights.	 	
Diversity and Inclusion	We advocate equal opportunity and inclusivity in our workforce regardless of gender and social background.		
Community Engagement	The Group allocates resources to contribute to a range of community initiatives that alleviate the challenges faced by vulnerable groups and communities surrounding our operations.	 	

SUSTAINABILITY STATEMENT

(CONT'D)

Driving Emissions Reduction

Introducing Our Climate-related Strategies

Climate change has the potential to cause disruptive climate events, emerging as one of the most pressing sustainability challenges. Flexidynamic works to tackle this challenge by strategically integrating climate-related reporting best practices into the development of our Sustainability Statement in FY2023.

Implementing these practices enhances our understanding of climate risks within our sector, empowering us to effectively manage climate-related risks and capitalise on opportunities for sustainable growth.



Governance

The Board exercises strategic oversight over Flexidynamic's efforts to identify, evaluate and monitor the Group's progress in achieving our ESG goals and targets. It also authorises the sustainability strategies recommended by the SC. The SC shares the responsibility of managing the Group's ESG matters by identifying, assessing and integrating these strategies into our business. In FY2023, the Board attended four sustainability awareness training sessions and events to stay abreast of contemporary ESG issues.



Strategy

The resilience of the Group's strategy relies on our ability to adapt to emerging risks. A key aspect of achieving this is aligning the Group's strategy with identified risks and opportunities.

Physical Risks

Physical risks stem from the direct consequences of climate change, encompassing both short-term acute extreme weather events and long-term temperature increases that impact our assets and operations.

Physical Risks	Potential Impact	Opportunities
Acute	<ul style="list-style-type: none"> Supply chain disruptions from floods and other extreme weather events 	<ul style="list-style-type: none"> Develop a proficient procurement team capable of managing supply chain disruptions effectively. Strengthen partnerships with essential vendors and suppliers, supported by contingency measures.
Chronic	<ul style="list-style-type: none"> Increased operational costs due to internal temperature control necessitated by rising temperatures 	<ul style="list-style-type: none"> Implement energy-saving measures in production processes to reduce GHG emissions and operational costs.

SUSTAINABILITY STATEMENT

(CONT'D)

Transition Risks

Transition risks are challenges associated with the shift towards a sustainable, low-carbon economy, driven by regulatory changes in the market.

Transition Risks	Potential Impact	Opportunities
Policy and Legal	<ul style="list-style-type: none"> Policy and regulatory changes requiring GHG emissions monitoring and reduction. 	<ul style="list-style-type: none"> Monitor GHG emissions and establish reduction targets and initiatives Keep abreast of evolving regulations
	<ul style="list-style-type: none"> Changes in environmental regulations or labour laws that require costly upgrades to manufacturing facilities or processes. 	<ul style="list-style-type: none"> Obtain certifications for eco-friendly manufacturing processes or products to access new markets and attract environmentally conscious customers.
Technology	<ul style="list-style-type: none"> Rapid advancements in manufacturing technologies that render existing equipment or processes obsolete, requiring significant investment in upgrades or retraining. 	<ul style="list-style-type: none"> Strategic investments and adoption of innovative climate-resilient technologies and processes that improve efficiency, reduce emissions, and enhance product quality
Market	<ul style="list-style-type: none"> Increased competition from companies offering alternative materials or innovative glove chlorination solutions that meet evolving climate-related demands. 	<ul style="list-style-type: none"> Emphasise the Group's commitment to sustainability and corporate social responsibility to differentiate products and attract environmentally conscious consumers
Reputation	<ul style="list-style-type: none"> Heightened climate concerns from stakeholders. 	<ul style="list-style-type: none"> Report on environmental and social performance metrics regularly to showcase the Group's commitment to responsible business practices and enhance our brand reputation



Risk Management

Flexidynamic implemented risk management protocols to safeguard our business, align with our strategy and offer reassurance to stakeholders. The Board integrates sustainability risk and opportunity assessments into the Group's decision-making processes, fostering strategic foresight.



Metrics and Targets

We track our climate-related performance using the following metrics:

- Scope 1, Scope 2 and limited Scope 3 (business travel) emission (in tonnes of carbon dioxide equivalent or "tCO₂e")
- Energy consumption (in gigajoules or "GJ")
- Waste generated (in metric tonnes or "MT")
- Water consumption (in megalitres or "ML")

All of our greenhouse gas ("GHG") emission data conforms to the methodologies outlined in the GHG Protocol Corporate Accounting and Reporting Standard.

SUSTAINABILITY STATEMENT

(CONT'D)

Sustainability Governance

Flexidynamic has established a robust governance system comprising a methodical arrangement of principles, policies, and procedures. It outlines our ethical standards and principles across every aspect of our activities, serving to direct both Group management and strategic decision-making.

Material Sustainability Matters

Corporate Governance and Anti-Corruption
Data Privacy and Cybersecurity
Risk Management

Key Highlights

Zero corruption cases

Zero whistleblowing cases

Zero complaints regarding security or privacy breaches

UN SDGs



SUSTAINABILITY STATEMENT

(CONT'D)

SUSTAINABILITY GOVERNANCE

Corporate Governance and Anti-Corruption

Why it Matters

Ethical corporate governance practices are essential for maintaining transparency in decision-making processes, reinforcing internal operations and fostering trust among stakeholders. Implementing anti-corruption safeguards protects our reputation and upholds our compliance to ethical standards, laws and regulations, further solidifying our integrity.

Flexidynamic's Approach

We emphasise the effective communication of our policies to our employees and stakeholders as part of our strategic direction. The following policies encompass our corporate governance and anti-corruption approaches.

Anti-Bribery and Corruption Policy ("AB & C Policy")

Delineates the principles and guidelines for complying with regulations against bribery and anti-corruption as well as identify and address any issues that may arise throughout our operations.

Ethics and Compliance Whistle Blowing Policy

This policy is designed to ensure all complaints and reports of misconduct are addressed with the highest standards of confidentiality and objectivity.

Board Charter

Outlines the duties and responsibilities of the Board members, providing clarity and alignment in governance practices, which fosters accountability, transparency, and effective decision-making.

Conflict of Interest Policy

Provides clear guidance to identify and address any circumstances that might give rise to conflict of interest which may affect an individual's professional judgement and decisions.

Fit and Proper Policy

Ensures that board members possess the requisite skills, experience, integrity, and ethical standards necessary to make sound strategic decisions.

SUSTAINABILITY STATEMENT

(CONT'D)

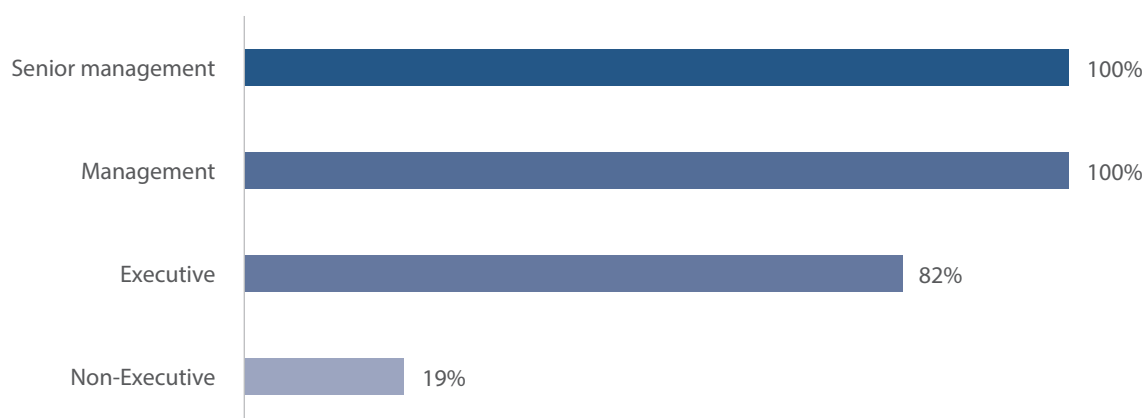
Flexidynamic's Performance

In FY2023, our Board comprises 37.5% women, surpassing the Malaysian Code on Corporate Governance ("MCCG") recommendations of 30% regarding the composition of Board members.

Financial Year	Board Composition by Age		Board Composition by Gender	
	30-50	>50	Men	Women
FY2021	100%	0%	57.1%	42.9%
FY2022	100%	0%	62.5%	37.5%
FY2023	75%	25%	62.5%	37.5%

In FY2023, a total of 24 staff underwent Anti-Corruption training.

Employees that Received Anti-Corruption Training by employee Category in FY2023



Note:

- This value represents the proportion of employees that have received training on anti-corruption by each employee category.



Zero

Corruption cases

FY2021 | FY2022 | **FY2023**



Zero

Whistleblowing cases

FY2021 | FY2022 | **FY2023**

SUSTAINABILITY STATEMENT

(CONT'D)

Data Privacy and Cybersecurity

Why it Matters

Adopting cybersecurity best practices is imperative for safeguarding our data and mitigating risks associated with cyber threats and breaches. These practices fortify our resilience against potential disruptions as well as compliance with industry regulations and standards governing data protection.

Flexidynamic's Approach

We uphold compliance with the Personal Data Protection Act ("PDPA") 2010 by enforcing adherence to the regulations and internal cybersecurity protocols among all employees. To mitigate potential breaches and unauthorised access, we provide data privacy and security training to our employees, equipping them with the required knowledge and skills to recognise cyber threats.

Flexidynamic's Performance

We are pleased to announce that there were no complaints regarding security or privacy breaches as well as loss of customer data reported for FY2023.

Risk Management

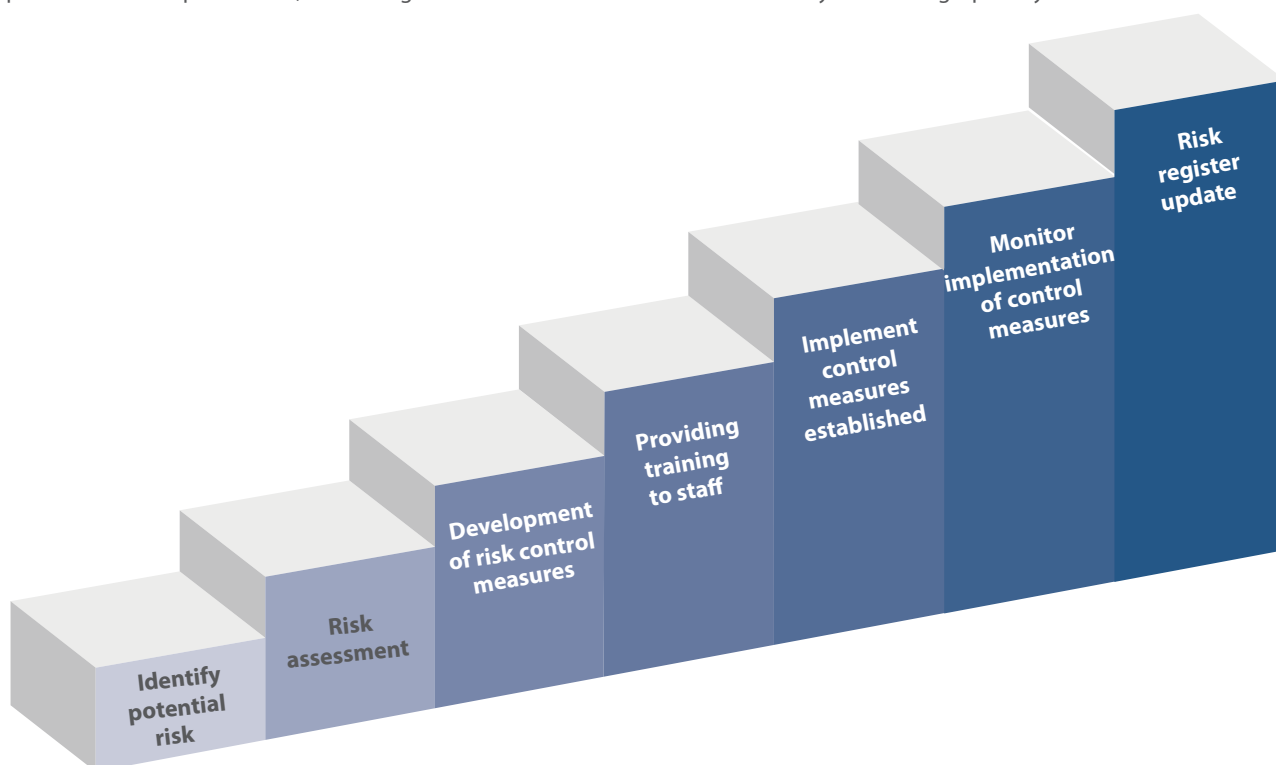
Why it Matters

Effective risk management enables us to anticipate potential disruptions across all phases of our daily operations, allowing for effective risk identification, mitigation and management. Proactively addressing these risks also elevates our operational resilience.

Flexidynamic's Approach and Performance

Our risk management system emphasises a systematic approach to assessing and mitigating risks in compliance with the ISO 9001:2015 Quality Management System. This Risk Assessment Procedure identifies and addresses risks that impact our adherence to quality and compliance standards, upholding the quality of our products.

Identified risks are documented in our risk register. Within this register, the priority of each risk is evaluated based on a predefined set of parameters, facilitating efficient resource allocation to effectively address high-priority risks.



SUSTAINABILITY STATEMENT

(CONT'D)

Environmental Sustainability

Flexidynamic's environmental sustainability approach encompasses a cohesive set of strategies, actions and protocols. Aimed at minimising our environmental impact across all facets of operation, these measures integrate sustainability into our daily decision-making and advances our environmental conservation goals.

Material Sustainability Matters

Energy Efficiency and Climate Resilience
Waste Management
Water Consumption

Key Highlights

23% reduction total energy consumption

21% reduction in Scope 1 emissions

11tCO₂e Scope 3 emissions from Business Travel

454kg total waste diverted from landfill

6.6% reduction in total water consumption

UN SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



SUSTAINABILITY STATEMENT

(CONT'D)

ENVIRONMENTAL SUSTAINABILITY

Energy Efficiency and Climate Resilience

Why it Matters

Efficient energy management practices are essential for achieving sustainable production and operational resilience. By targeting energy efficiency and emissions reduction, we contribute to environmental preservation while enhancing the cost-effectiveness of our manufacturing processes.

Flexidynamic's Approach

The Group closely monitors fuel and electricity consumption, providing quarterly reports to the Board to facilitate immediate identification and resolution of potential issues, avoiding their potential escalation. We further minimise energy consumption by implementing practices such as turning off lights, air conditioning and electronic equipment when not in use. Employees are encouraged to carpool for client and site visits, reducing fuel consumption and emissions from individual vehicles.

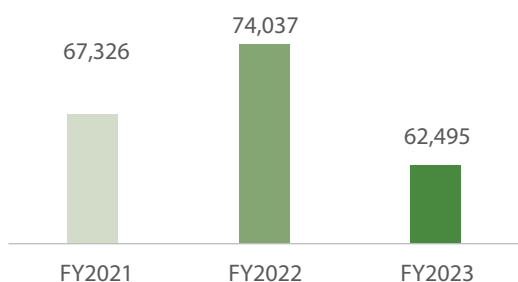
Flexidynamic's Performance

Petrol and diesel consumption data were exclusively sourced from the Headquarters (Puchong) and Factory Office (Banting) locations. In FY2023, our petrol and diesel consumption decreased by 16% and 36% respectively compared to FY2022, attributable to a reduced number of contracted projects in this fiscal year. Our electricity consumption was derived from headquarters, Banting and Ipoh. We recorded a 40% decrease in electricity consumption compared to last year, attributable to the cessation of operations at the Ipoh warehouse beginning June 2023.

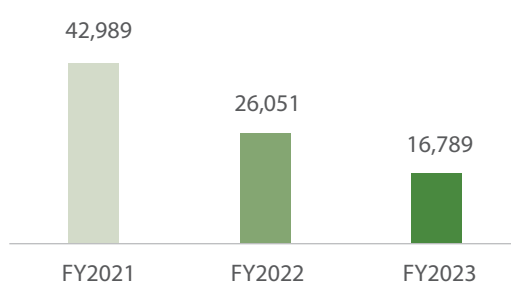
In FY2023, our total energy consumption decreased by 23%.

Energy Consumption

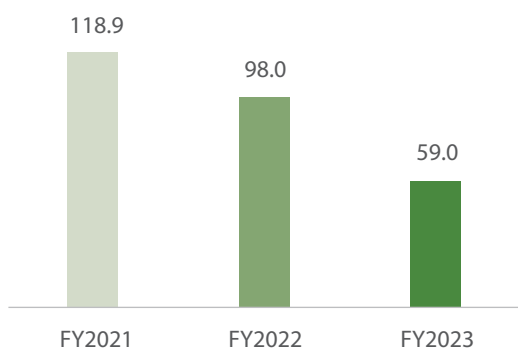
Petrol Consumption (L)



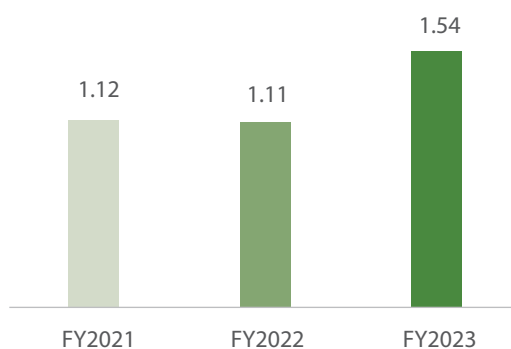
Diesel Consumption (L)



Electricity Consumption (MWh)

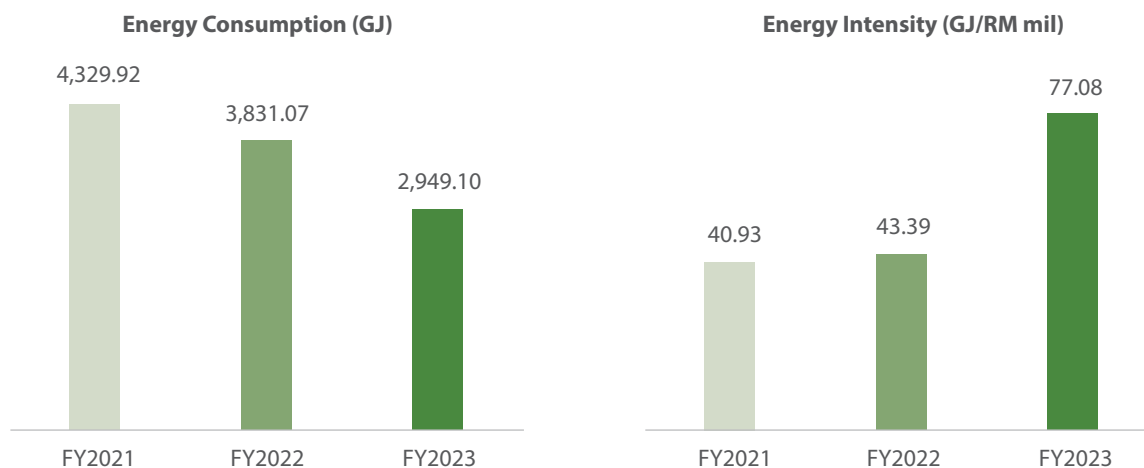


Electricity Intensity (MWh/RM mil)



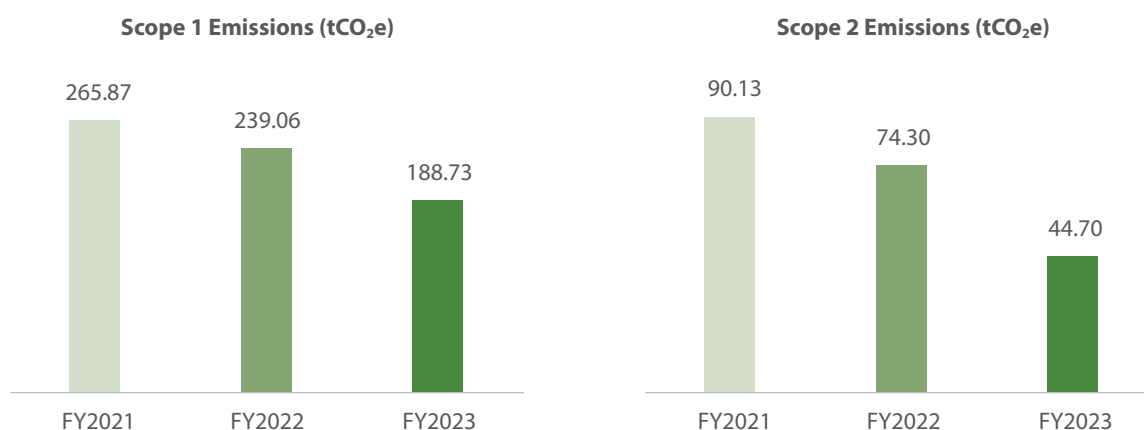
SUSTAINABILITY STATEMENT

(CONT'D)



Our combined Scope 1 and 2 emissions for FY2023 is 233.42 tCO₂e. Overall, our emissions recorded a consistent trend from FY2021 through FY2023, reflecting the effectiveness of our emissions reduction initiatives. Meanwhile, our Scope 3 emissions, encompassing those generated from business travel, amounted to 6.44 tCO₂e.

GHG Emissions



Scope 3 Emissions (tCO₂e) FY2023



6.44 tCO₂e
Generated from Business Travel

Note:

- Calculation methodology is based on the GHG Protocol Corporate Accounting and Reporting Standards.
- Scope 1 and 3 emissions factors were sourced from the UK Government's GHG Conversion Factor 2023.
- Scope 2 emissions factor were sourced from the National Energy Commission: Grid Emissions Factor 2021.

SUSTAINABILITY STATEMENT

(CONT'D)

Waste Management

Why it Matters

Effective waste management facilitates optimised resource consumption, mitigates waste generation and minimises our environmental impact on the communities surrounding our operation. Through strategic waste management practices, we also drive increased cost savings and compliance with environmental laws and regulations as outlined by the Department of Environment (“DOE”) Malaysia.

Flexidynamic’s Approach

We actively promote conscientious waste management throughout our operations, encouraging our staff to bring meals in reusable containers and utensils instead of single-use plastics.

The Group also highly prioritises raw material conservation activities, emphasising the 3R principles – recycling, repurposing and reducing as integral practices throughout our operations. We aim to minimise our environmental impact and promote resource efficiency through enacting these principles.

Flexidynamic’s Performance

This year, we generated a total of 11,794 kg of waste. 454 kg of waste was diverted from landfills through recycling and reusing. The largest category of diverted waste was paper waste, amounting to 410 kg.



We generated 11,340 MT of scheduled waste at our production facility located in Banting this year. All scheduled waste was collected and disposed of by Atlas Resources Enterprise Sdn Bhd, which provides end-to-end disposal services for hazardous waste.

SUSTAINABILITY STATEMENT

(CONT'D)

Water Consumption

Why it Matters

Water is a vital resource for our manufacturing processes, making efficient water management practices crucial to minimise water usage, reduce waste and optimise resource utilisation. We proactively implement effective water management and conservation strategies by closely monitoring our consumption patterns.

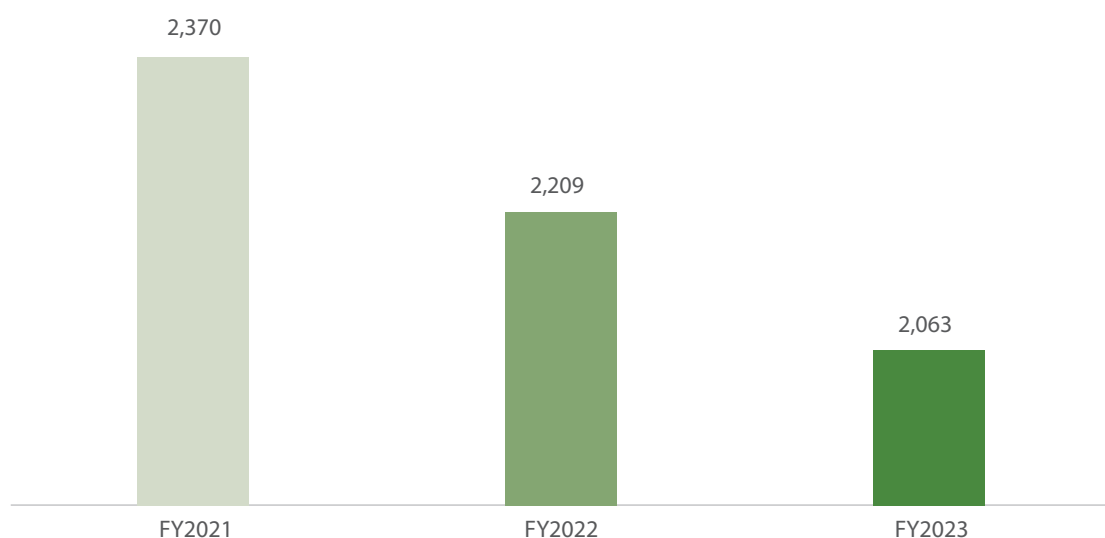
Flexidynamic's Approach

The Group instituted a reporting system designed to promptly alert management to any abnormal surges in water consumption, enabling swift intervention to address the underlying issue. We provide quarterly reports to the Board that enable the monitoring of our water consumption patterns and observe any progress in our water-saving initiatives.

Flexidynamic's Performance

A significant portion of our total water consumption, amounting to 94.4%, is attributed to our production facility in Banting, while the remaining 5.6% is utilised by our Headquarters. In FY2023, our water consumption reduced by 6.6% compared to the previous year. Over the last three years, there has been a noticeable decline in water usage, indicative of the effectiveness of our water management initiatives and fortnightly leakage inspections.

Waste Consumption (m³)



SUSTAINABILITY STATEMENT

(CONT'D)

Social Sustainability

Our social responsibility centres on prioritising our people and communities, fostering positive societal outcomes through meaningful contributions to their advancement. We emphasise capacity building and ensure a safe working environment for our workforce, developing a high-performing team that improves customer satisfaction and maintains strong community relations.

Material Sustainability Matters

Health and Safety
Labour Practices and Standards
Diversity and Inclusivity
Supply Chain Management
Product Quality and Customer Satisfaction
Community Engagement

Key Highlights

Zero fatalities and lost-time injuries

Zero labour standards and human rights non-compliance incidents

717 total training hours recorded

96% of our expenditure was allocated to local suppliers

RM11,000 was channelled to community contributions

UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH



11 SUSTAINABLE CITIES AND COMMUNITIES



SUSTAINABILITY STATEMENT

(CONT'D)

SOCIAL SUSTAINABILITY

Health and Safety

Why it Matters

Given our involvement in manufacturing, installation and maintenance operations, we prioritise workplace safety for our employees and contractors. Taking measures to minimise injuries and illnesses creates a healthy work environment that safeguards worker well-being and boosts employee productivity.

Flexidynamic's Approach

Our health and safety management system complies with the Occupational Safety and Health Administration ("OSHA") and Department of Occupational Safety and Health ("DOSH"). We consistently update our protocols, equipment and systems in line with the latest standards and best practices.

Safety, Health and Environmental Manual	<ul style="list-style-type: none"> This manual provides employees with guidelines for implementing a safety management system. All personnel are required to familiarise themselves with the contents of this manual and adhere to its directives in their operations. Responsibilities are appropriately delegated among the Operation Director, Factory Manager, supervisors and employees.
Hazard Communication and Reporting	<ul style="list-style-type: none"> In line with DOSH's mandate, we furnish employees with information regarding hazardous chemicals in the workplace through written programmes, training sessions, labels, warnings, and relevant documentation. Employees are urged to report unsafe working conditions to their immediate supervisor, who will promptly investigate and take the necessary corrective measures.
Principles of Hazard Control	<ul style="list-style-type: none"> Engineering and administrative control measures are implemented for hazard mitigation which encompasses modifying processes to reduce risk and restricting access to high-risk areas. Personal Protective Equipment ("PPE") is also utilised to minimise personnel exposure to hazards.
Safety Risks	<ul style="list-style-type: none"> Safety risks are assessed in the risk register. Dedicated personnel oversee safety protocols. Safety signals are prominently displayed on noticeboards.
Noise Risk Assessment and Audiometry Examinations	<ul style="list-style-type: none"> We conduct noise risk assessments to identify and mitigate potential hazards from excessive noise levels in the workplace, ensuring compliance with the Occupational Safety and Health (Noise Exposure Regulation 2019). Regular audiometry examinations are performed to detect any abnormalities in our workers' hearing.

Flexidynamic's Performance

We offer occupational health and safety training to equip our employees with the essential knowledge and skills required to maintain a secure work environment.

Audiometric & Hearing Conservation Programme

The training provided knowledge and awareness to industrial workers, preventing noise-induced hearing loss.

13

Employees
Trained

91

Cumulative Training
Hours

SUSTAINABILITY STATEMENT

(CONT'D)

	FY2021	FY2022	FY2023
Number of employees trained on health and safety standards	-	18	13

Out of a cumulative 108,484 hours worked in FY2023, we are pleased to report our Group achieved zero fatalities and lost-time injuries.

	FY2021	FY2022	FY2023
Total hours worked	161,583	165,448	108,484
No. of fatalities	0	0	0
No. of work-related ill-health	0	0	0
No. of lost time injuries	0	0	0
Lost time incident rate ("LTIR")	0	0	0

Labour Practices and Standards

Why it Matters

Upholding labour standards promotes ethical employment practices, prevents exploitation in the workplace and contributes to overall staff well-being, fostering a positive work environment conducive to employee productivity. Such stringent compliance with labour standards also builds stakeholder trust, enhancing our reputation.

Flexidynamic's Approach

Flexidynamic supports the fundamental rights of our individual workers in harmony with the International Labour Organization's ("ILO") Declaration on Fundamental Principles and Rights at Work. Our compliance with the Employees' Minimum Standards of Housing, Accommodations, and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 has been recognised with the Certificate of Accommodation by the Ministry of Human Resources.

We strictly adhere to Malaysia's Employment Act 1955 for fair and lawful employment practices within our organisation.



The Group's Employee Handbook serves as a guide on various aspects of employment, including working days, leave policies, performance expectations, benefits, promotions and disciplinary procedures, ensuring transparency in all matters related to the work experience.

SUSTAINABILITY STATEMENT

(CONT'D)

Employee Benefits



Disability and Invalidity Coverage ("SOCSO")



Parental Leave



Retirement Provision ("KWSP")



Annual Leave



Allowance



Fringe Benefits



Healthcare Benefits

Training and Development

Our training programmes are structured to provide equal opportunities for development and professional growth among our employees. In FY2023, we organised a total of 33 training programmes to refine the skillsets of our employees.

Category	Training Programmes
General Training	Anti-Bribery & Corruption S.17A Corporate Liability Perspective
	Club Med Team Building
	Colored Brain Practitioner Professional Certificate
	Data Analytics Bootcamp
Health and Safety	Audiometric & Hearing Conservation Programme
Technical Skills	5 Days SolidWorks Essentials Course
	Accounting- Bad debt Written Off & Recovered
	Authorised Entrant & Standby Person for Confined Space
	Budget Conference 2024
	Business Communication & Writing Skills in English
	Commission & Incentives
	Entertainment Expenses
	Environment, Social and Governance (ESG) Training
	Fundamentals of E-Invoicing

Category	Training Programmes
Technical Skills cont'd	HR & Administrative Skills
	Internal Tax & ESG Update
	Labour Law
	Legal & Professional fee
	Mastering Procurement Skills
	Microsoft Project Basics from Zero
	Project Management Professional
	Service Tax - Imported Taxable Service
	Service Tax- Basic concepts
	Supplier Product Training
	Tax Seminar on Budget 2024
	Tax Understanding- Form BE
	Tax Understanding- Form CP204 & CP204A
	The IFRS S1 & S2: Reporting, Management & Value Creation
	The Management of Problematic Customer Debt Collection for Contractor Companies
	Travelling & Accommodation
	Upkeep & Renovation

SUSTAINABILITY STATEMENT

(CONT'D)

Performance Appraisal

Performance assessments and feedback evaluations are pivotal to obtaining invaluable insights into our workforce. In FY2023, 49 staff members received performance appraisals.

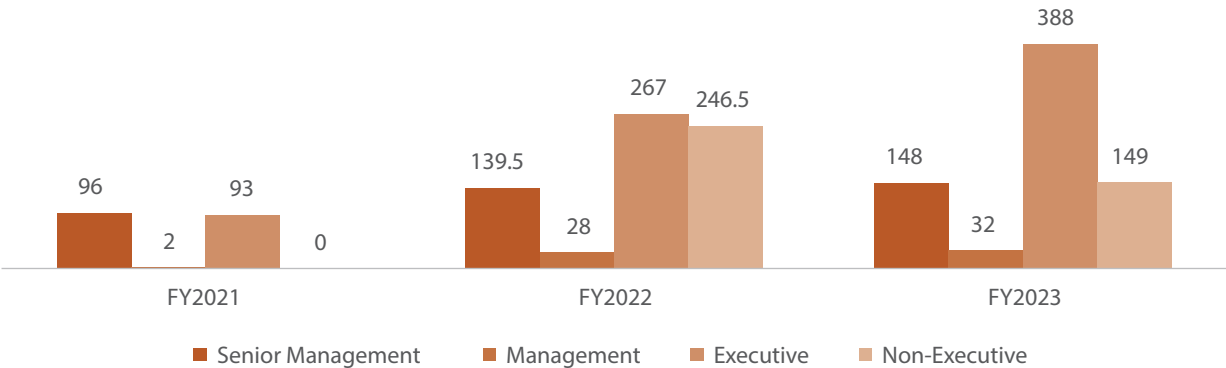
Flexidynamic's Performance

The Group recorded zero labour standards and human rights non-compliance incidents in FY2023. This reporting year, one male employee utilised parental leave and remained employed 12 months after his return to work.

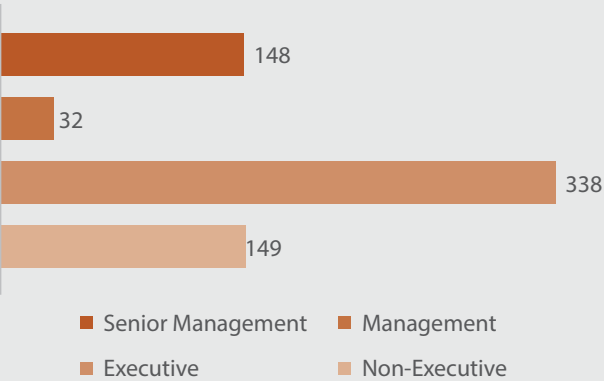
	FY2022	FY2023
No. of employees that took parental leave	1	1
No. of employees returned from parental leave	1	1
No. of employees that returned to work after parental leave ended who were still employed 12 months after their return to work	1	1

In FY2023, we allocated 717 hours of training for a total of 49 employees, marking a 5% increase from the previous year.

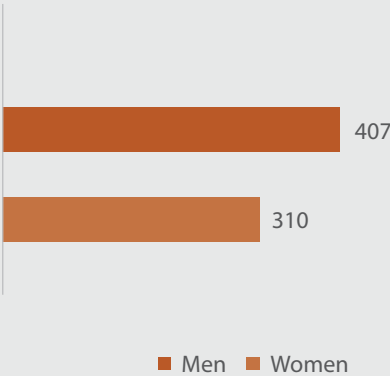
Total Hours of Training by Employee Category



Average Training Hour by Employee Category in FY2023



Average Training Hour by Gender in FY2023



SUSTAINABILITY STATEMENT

(CONT'D)

Total Training Hours



New Hires and Turnover

The Group recorded a turnover of 21 employees this year. Due to a reduction in new projects and the conclusion of contracts for some foreign workers, we suspended recruitment during FY2023.

	Total Number of Employee New Hires		
	FY2021	FY2022	FY2023
By Employee Category			
Senior Management	1	0	0
Management	0	0	0
Executive	1	0	0
Non-Executive	19	10	0
By Gender			
Men	16	9	0
Women	5	1	0
By Age			
<30	9	9	0
30-50	11	1	0
>50	1	0	0

	Total Number of Employee Turnovers		
	FY2021	FY2022	FY2023
By Employee Category			
Senior Management	1	0	0
Management	0	0	0
Executive	1	0	4
Non-Executive	12	17	17
By Gender			
Men	12	16	18
Women	2	1	3
By Age			
<30	3	12	12
30-50	10	5	8
>50	1	0	1

SUSTAINABILITY STATEMENT

(CONT'D)

Diversity and Inclusivity

Why it Matters

A diverse workforce contributes to a dynamic work environment, leading to innovation and organisational success. Embracing individuals from different age groups, ethnicities and cultural backgrounds also promotes a harmonious workplace, fostering a culture of mutual respect and empowerment.

Flexidynamic's Approach

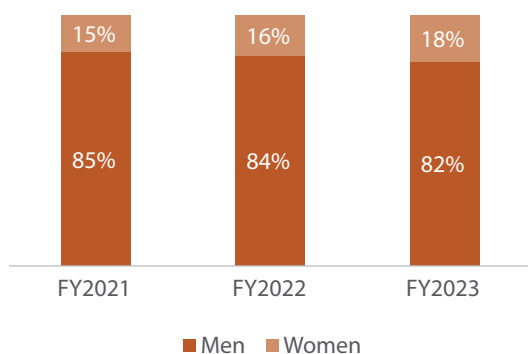
Flexidynamic holds a zero-tolerance policy against discrimination in all facets of our recruitment processes, irrespective of age, gender, ethnicity, religion, or any other characteristic. Complementing this, our Gender Diversity Policy aims to enhance gender diversity within our Board and senior management levels.

Flexidynamic's Performance

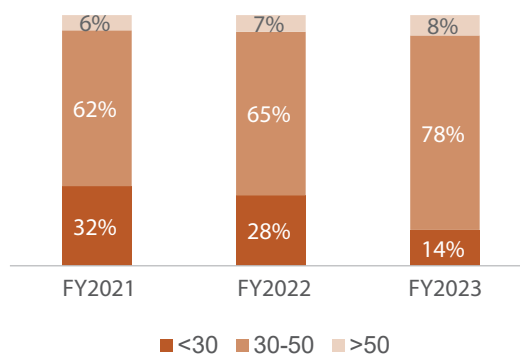
A majority the Group's workforce is comprised of male employees (82%) falling within the age range of 30- to 50-years old (78%). The demographic profile is reflective of the labour-intensive nature of the manufacturing sector. However, Flexidynamic works to enhance our diversity efforts for an equitable work environment and are proud to report zero cases of discrimination during FY2023.

Total Staff Strength in FY2023: 49

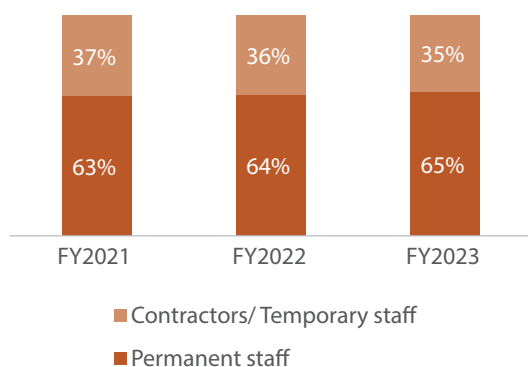
Group Gender Diversity



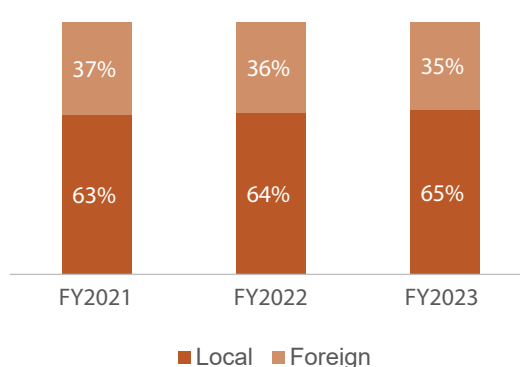
Group Age Diversity



Group Employee Composition



Group Employee Nationality

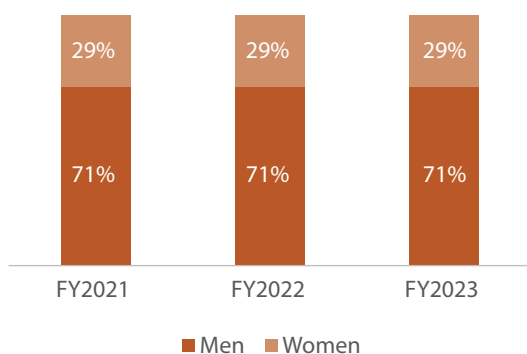


SUSTAINABILITY STATEMENT

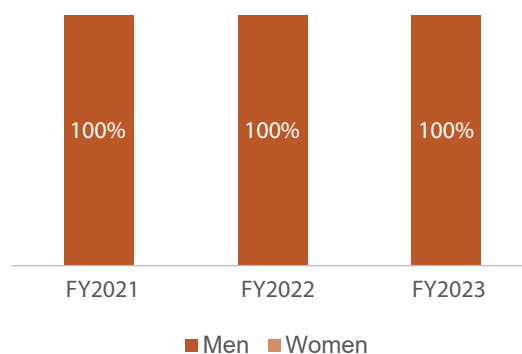
(CONT'D)

Gender Diversity by Employee Category

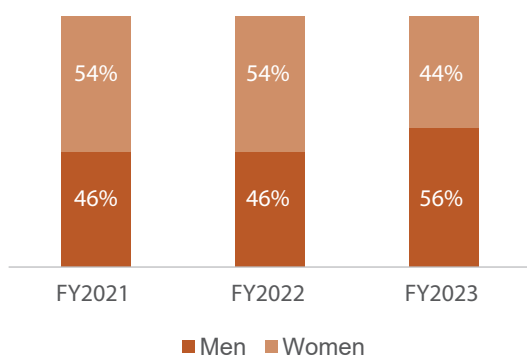
Senior Management



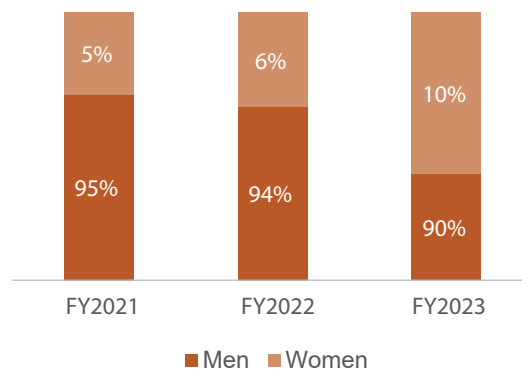
Management



Executive

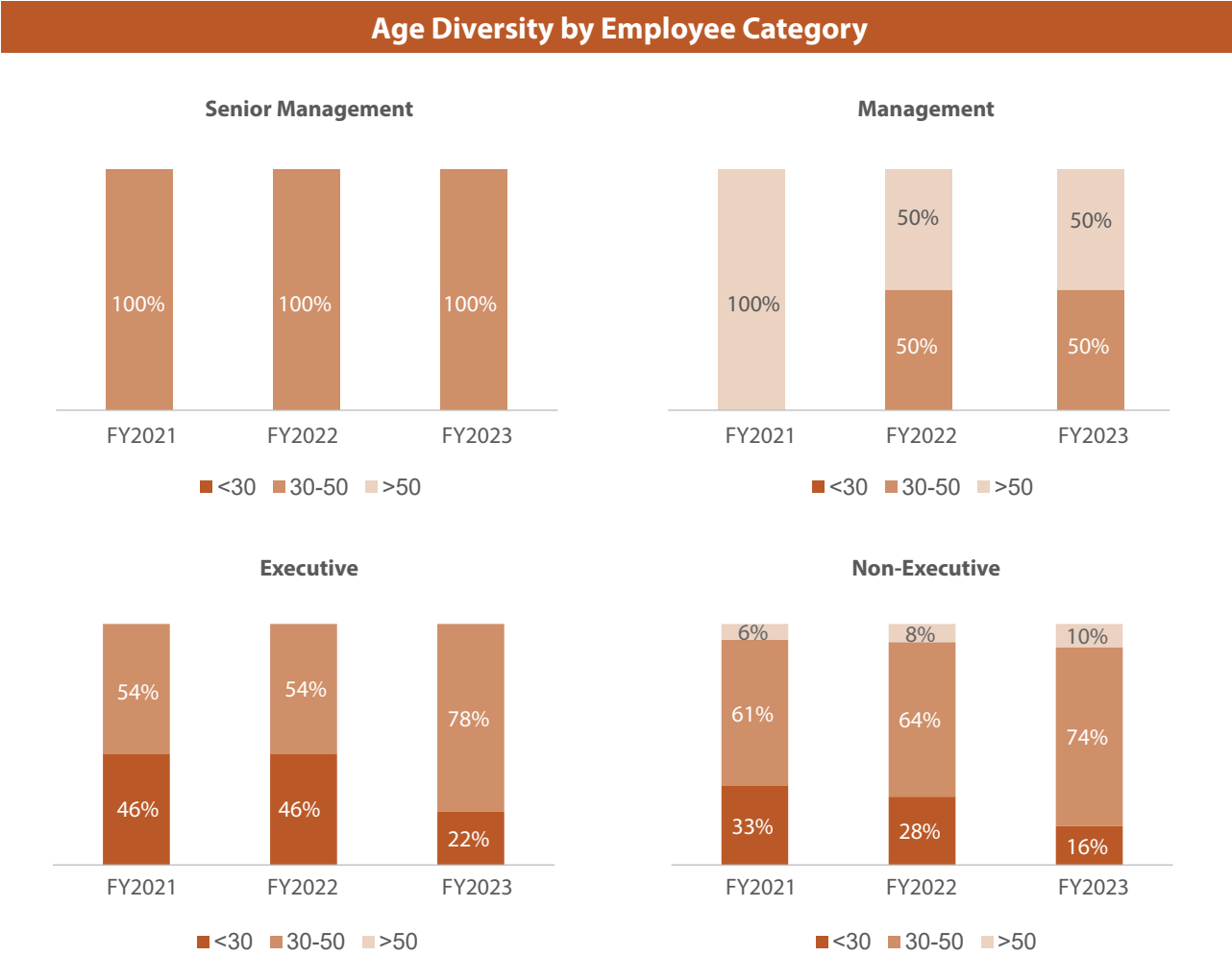


Non-Executive



SUSTAINABILITY STATEMENT

(CONT'D)



Supply Chain Management

Why it Matters

A sustainable supply chain promotes ethical economic growth and minimises adverse impacts on the environment and local communities. Sustainable supply chain management practices also enhance accountability throughout the supply chain, bolstering the long-term resilience of our business.

Flexidynamic's Approach

By primarily sourcing materials from local suppliers, we curb emissions associated with transportation and gain enhanced oversight over delivery quality and labour conditions. Prior to establishing partnerships with new suppliers, Flexidynamic evaluates their procedures against specific criteria, such as their adherence to safety requirements.

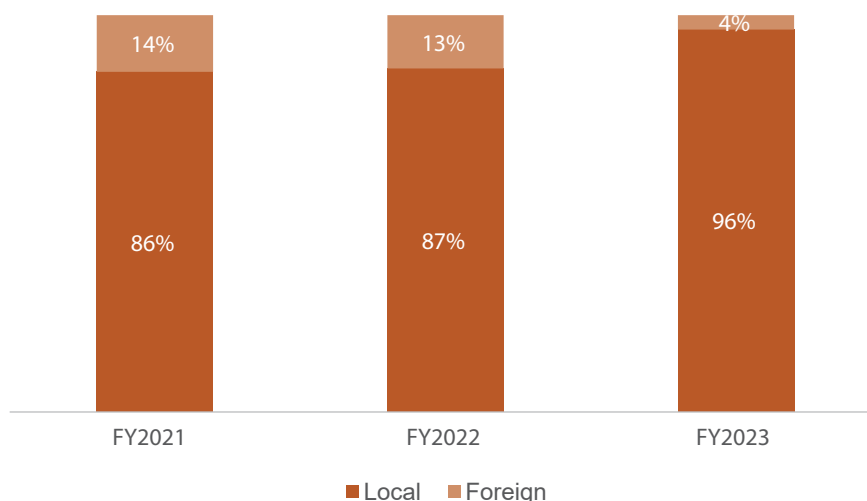
SUSTAINABILITY STATEMENT

(CONT'D)

Flexidynamic's Performance

In FY2023, 96% of our expenditure was allocated to local suppliers.

Percentage of Local and Foreign Procurement



Product Quality and Customer Satisfaction

Why it Matters

Ensuring product quality is crucial for meeting regulatory requirements and maintaining the high standards essential for guaranteeing customer satisfaction. Consistently delivering quality products allows us to establish our credibility among internationally recognised industry leaders and gives us a competitive edge.

Flexidynamic's Approach

We comply to the ISO 9001:2015 Quality Management System standards and regularly conduct customer satisfaction surveys to gather valuable feedback, enabling us to enhance our service quality. This year, we focused on improving our responsiveness to customer concerns and ensuring exceptional service.

The Group actively garners feedback from our customers to obtain insight into their experiences with our products and services, allowing us to better understand their needs and preferences while identifying areas for improvement. This year, 19 customers provided their assessment through a feedback form.

Flexidynamic's Performance

In FY2023, we achieved an overall customer satisfaction score of 79%.

SUSTAINABILITY STATEMENT

(CONT'D)

Community Engagement

Why it Matters

Flexidynamic collaborates with local communities and engages in philanthropic initiatives to empower their growth. Our involvement with local communities allows us to foster lasting relationships built on trust and mutual respect, cultivating a positive corporate reputation that drives long-term success.

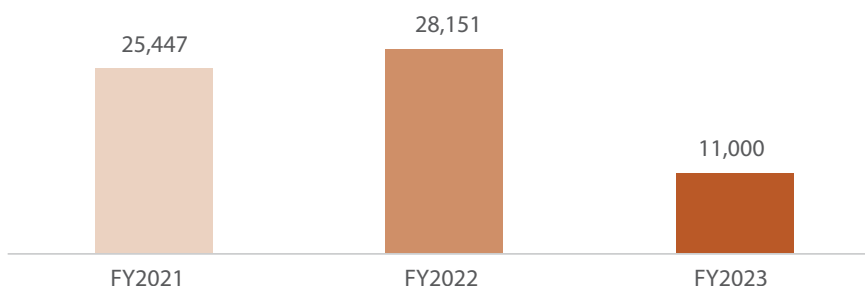
Flexidynamic's Approach

The Group aims to make a positive difference in the communities where we operate by contributing to their overall welfare. We provided monetary support to specific non-profit organisations closely aligned with our values, ensuring that our contributions have a meaningful impact.

Flexidynamic's Performance

In FY2023, we carried out 2 community enrichment activities. These encompassed partnering with Masters in Business Administration ("MBA") students from the Universiti Kebangsaan Malaysia Graduate School of Business ("UKM GSB") and the Hope Mission Welfare Society of Teluk Intan Perak. We aim to track the number of beneficiaries of our community engagement efforts moving forward.

Contributions to Community (RM)



Hope Mission Welfare Society Donation



On 3rd January 2023, Flexidynamic contributed to RM10,000 to the Hope Mission Welfare Society of Teluk Intan Perak, a local non-profit organisation.

RM10,000
Total Contribution

Project Riseup-Dream Team Project

On 17th August 2023, Flexidynamic provided RM1,000 of assistance to the MBA students in UKM GSB aimed at empowering underprivileged children through sustainable initiatives.

RM1,000
Total Contribution

SUSTAINABILITY STATEMENT

(CONT'D)

Beach Clean-Up



On 13th and 14th September 2023, a beach cleaning event was organised as part of our Team Building programme at the beach by Club Med Cherating, Pahang.

Reflecting on Our Journey and the Road Ahead

Amid the escalating challenges posed by climate change within our industry, Flexidynamic remains unyielding in our commitment to ESG excellence. We progressed in our sustainable development agenda by maintaining vigilant oversight of our initiatives, integrating new guidelines and best sustainability practices within our manufacturing operations. As we move forward, we intend to pursue further operational excellence and sustainability, delivering long-term value to our stakeholders and contributing to an equitable tomorrow.

SUSTAINABILITY STATEMENT

(CONT'D)

Performance Data Table

Governance

Indicator	Unit	FY2021	FY2022	FY2023
Anti-Corruption				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
• Senior Management	%	-	-	100
• Management	%	-	-	100
• Executive	%	-	-	82
• Non-Executive	%	-	-	19
Bursa C1(b) Percentage of operations assessed for corruption related risks	%	-	-	-
Bursa C1(c) Confirmed incidents of corruption and actions taken	Number	0	0	0
Technology, Data Privacy and Security				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer data	Number	0	0	0

Environment

Indicator	Unit	FY2021	FY2022	FY2023
Energy, Emissions and Climate Resilience				
Bursa C4(a) Total energy consumption	GJ	4,329.92	3,831.07	2,949.10
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	tCO ₂ e	265.87	239.06	188.73
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	tCO ₂ e	90.13	74.30	44.70
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (business travel)	tCO ₂ e	-	-	6.44
Water Consumption				
Bursa C9(a) Total volume of water used	m ³	2,370	2,209	2,063
Waste and Effluent Management				
Bursa C10(a) Total waste generated	kg	-	-	11,794
Bursa C10(a)(i) Total waste diverted from disposal	kg	-	-	454
Bursa C10(a)(ii) Total waste directed to disposal	kg	-	-	-

SUSTAINABILITY STATEMENT

(CONT'D)

Social

Indicator	Unit	FY2021	FY2022	FY2023
Occupational Health and Safety				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0	0	0
Bursa C5(c) Number of employees trained on health and safety standards	Number	-	18	13
Human Rights, Labour Practices and Standards				
Bursa C6(d) Number of substantiated complaints concerning human rights violation	Number	0	0	0
Talent Attraction and Development				
Bursa C6(a) Total hours of training by employee category				
• Senior Management	Hours	96	139.5	148
• Management	Hours	2	28	32
• Executive	Hours	93	267	388
• Non-Executive	Hours	0	246.5	149
Bursa C6(c) Total number of employee turnover by employee category				
• Senior Management	Number	1	0	0
• Management	Number	0	0	0
• Executive	Number	1	0	4
• Non-Executive	Number	12	17	17
Diversity and Inclusion				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Gender group by employee category				
• Senior Management (Men)	%	71	71	71
• Senior Management (Women)	%	29	29	29
• Management (Men)	%	100	100	100
• Management (Women)	%	0	0	0
• Executive (Men)	%	46	46	56
• Executive (Women)	%	54	54	44
• Non-Executive (Men)	%	95	94	90
• Non-Executive (Women)	%	5	6	10

SUSTAINABILITY STATEMENT

(CONT'D)

Indicator	Unit	FY2021	FY2022	FY2023
Diversity and Inclusion (cont'd)				
Age group by employee category				
• Senior Management (<30)	%	0	0	0
• Senior Management (30-50)	%	100	100	100
• Senior Management (>50)	%	0	0	0
• Management (<30)	%	0	0	0
• Management (30-50)	%	0	50	50
• Management (>50)	%	100	50	50
• Executive (<30)	%	46	46	22
• Executive (30-50)	%	54	54	78
• Executive (>50)	%	0	0	0
• Non-Executive (<30)	%	33	28	16
• Non-Executive (30-50)	%	61	64	74
• Non-Executive (>50)	%	6	8	10
Bursa C3(b) Percentage of directors by gender and age				
Men	%	57	62	62
Women	%	43	38	38
30-50 years	%	100	100	75
50> years	%	0	0	25
Bursa C6(b) Percentage of employees that are contractors or temporary staff				
• Permanent	%	63	64	65
• Contract	%	37	36	35
Supply Chain Management				
• Bursa C7(a) Proportion of spending on local suppliers	%	86	87	96
Community Engagement				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	25,447	28,151	11,000
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	-	-

SUSTAINABILITY STATEMENT

(CONT'D)

GRI Content Index

Statement of use	Flexidynamic Holdings Berhad has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.	
GRI 1 used	GRI 1: Foundation 2021	

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)
GRI 2: General Disclosures 2021	2-1 Organisational details	18
	2-2 Entities included in the organisation's sustainability reporting	18
	2-3 Reporting period, frequency and contact point	18
	2-5 External assurance	18
	2-14 Role of the highest governance body in sustainability reporting	24
	2-16 Communication of critical concerns	25 - 26
	2-22 Statement on sustainable development strategy	21
	2-23 Policy commitments	22
	2-24 Embedding policy commitments	22
	2-29 Approach to stakeholder engagement	25 - 26
GRI 3: Material Topics 2021	3-1 Process to determine material topics	27
	3-2 List of material topics	28
	3-3 Management of material topics	29 - 30
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	50
	205-2 Communication and training about anti-corruption policies and procedures	35
	205-3 Confirmed incidents of corruption and actions taken	35
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	38
	302-3 Energy intensity	39
	302-4 Reduction of energy consumption	38
	302-5 Reductions in energy requirements of products and services	38
	303-5 Water consumption	41
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	39
	305-2 Energy indirect (Scope 2) GHG emissions	39
	305-3 Other indirect (Scope 3) GHG emissions	39
	305-5 Reduction of GHG emissions	39
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	40
	306-2 Management of significant waste-related impacts	40
	306-3 Waste generated	40
	306-4 Waste diverted from disposal	40

SUSTAINABILITY STATEMENT

(CONT'D)

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	47
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	45
	401-3 Parental leave	46
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	43
	403-4 Worker participation, consultation, and communication on occupational health and safety	43 - 44
	403-5 Worker training on occupational health and safety	43 - 44
	403-9 Work-related injuries	44
	403-10 Work-related ill health	44
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	46 - 47
	404-2 Programmes for upgrading employee skills and transition assistance programmes	45
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	35
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	48
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	36

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Flexidynamic Holdings Berhad ("**Flexidynamic**" or the "**Company**") and its subsidiaries' (collectively referred to as the "**Group**") acknowledges the importance of the principles and practices as set out in Malaysian Code on Corporate Governance ("**MCCG**") in managing the Group's business towards its mission of sustainable growth.

The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices in the MCCG to the best interest of the shareholders of the Company.

The Corporate Governance Overview Statement is made pursuant to Rule 15.25(1) of the ACE Market Listing Requirements ("**AMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the principles and practices as set out in MCCG.

This Corporate Governance Overview Statement should also be read in tandem with the Corporate Governance Report 2023 which is available on the Company's corporate website at <http://www.flexidynamic.com>.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. THE BOARD OF DIRECTORS

1.1 Roles and Responsibilities of the Board of Directors (the "Board")

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:-

- provide leadership and oversee the overall conduct of our Group's businesses to ensure that our businesses are being properly managed;
- review and adopt strategic plans for our Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard our Group's reputation, and our employees and assets and to ensure compliance with applicable laws and regulations;
- ensure that our Group has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the MCCG;
- review the effectiveness and implementation of anti-bribery and anti-corruption policy and framework;
- monitor the relationship between our Group and our management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for our Group; and
- appoint our Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by our Board committees and deliberate on the recommendations thereon.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely Audit and Risk Management Committee, Nomination Committee and Remuneration Committee to examine specific issues within their respective terms of reference as approved by the Board and to report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Board Charter

The Board Charter has been formalised and adopted by the Board. The Board Charter aims to ensure that all Board members understand their role, duties and responsibilities as well as the laws, regulations and best practices governing their conduct.

The Board Charter is to be reviewed periodically and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is accessible at the Company's website at <http://www.flexidynamic.com>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

1. THE BOARD OF DIRECTORS (CONT'D)

1.1 Roles and Responsibilities of the Board of Directors (the "Board") (cont'd)

Employee Code of Conduct Policy

The Board has established an Employee Code of Conduct Policy for its directors and employees. The Employee Code of Conduct Policy setting out the standards of conduct expected from Directors and employees to advocate good corporate behaviour with the intention of achieving the following aims:-

- To outlines the Company's expectations regarding employees' behaviour towards their colleagues, supervisors and overall organisation.
- To promote freedom of expression and open communication while expecting all employees to follow the Company's code of conduct.

The Board recognises the importance of adhering to the Employee Code of Conduct Policy and has taken measure to put in place a process to ensure:

- Compliance with law;
- Respect in the workplace;
- Protection of the Group's Property;
- Professionalism;
- Not engaging in Corruption;
- Job duties and authority;
- Monitoring Absenteeism and tardiness;
- Conflict of interest;
- Collaboration among employees and management;
- Communication; and
- Benefits.

Ethics and Compliance Whistleblowing Policy and Procedures

The Board has adopted the Ethics and Compliance Whistleblowing Policy and Procedures and is committed in conducting the business ethically, as well as complying with all applicable laws, which include compliance with the Malaysian Anti-Corruption Commission Act 2009, the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and any of its amendments or re-enactments that may be made by the relevant authority from time to time. The Group is committed to conducting its business according to the highest ethical, moral and legal standards. In line with this commitment, and the Group's commitment to open communication, this Policy aims to provide an avenue for employees, third parties and other stakeholders, on an anonymous basis if appropriate, to raise concerns or report any known or potential misconduct, violation of Group policies or applicable laws and regulations, without retaliation or retribution.

Ethics and Compliance Whistleblowing Policy and Procedures is available on the Company's website at <http://www.flexidynamic.com>.

Anti-Bribery and Corruption Policy

The Group has adopted and implemented the Anti-Bribery and Corruption Policy and was adopted and the said Policy was designed in line with the government's commitment to tackling corruption, improving integrity and implementing good corporate governance pursuant to Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

The Group is committed to conduct its business and operations on the concept of transparency, integrity and accountability, in compliance with the applicable laws and regulation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

1. THE BOARD OF DIRECTORS (CONT'D)

1.1 Roles and Responsibilities of the Board of Directors (the "Board") (cont'd)

Anti-Bribery and Corruption Policy (cont'd)

Anti-Bribery and Corruption Policy is available on the Company's website at <http://www.flexidynamic.com>.

Sustainability

The Board ensures that the Company strategies on sustainability with attention given particularly to the environmental, social and Governance ("ESG") pillars of sustainability. 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 is mindful of the need to develop the Group's business by practicing, preserving and promoting activities that contributes to the ESG pillars. The Company strives to achieve a sustainable long-term balance between meeting its business goals and compliance to relevant environmental and related legislation as well as ensuring a safe and healthy working environment.

The Sustainability Policy is available on the Company's website at <http://www.flexidynamic.com>.

1.2 Board Balance and Composition

The Board currently consists of eight (8) members, comprising of the Managing Director, three (3) Executive Directors and four (4) Independent Non-Executive Directors. The Board has achieved the target of at least half of the board comprises independent directors in compliance with the MCCG and exceeding the minimum one-third (1/3) requirement as out in the AMLR. The Independent Non-Executive Directors do not participate in 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 fulfil their responsibility to provide a check and balance to the Board. They provide independent and objective views, advice and judgement that take into account the interests of the Group as well as shareholders and investors in the decision-making process of the Board.

The Profile of Board of Directors is set out in the Annual Report. The Directors, with their diverse backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as accounting and audit; corporate affairs; marketing and operations.

All the Directors have given confirmations on an annual basis as to whether he/she has any family relationship with any director and/or major shareholder of the Company. All the Directors confirm that they do not have any conflict of interest with the Company and any convictions for offences within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Gender Diversity Policy

The Board acknowledges the recommendations of the MCCG on the establishment of a gender diversity policy.

There is no formality to implement a gender diversity policy or target. The Board advocates non-discrimination of any form, whether based on age, race, religion or gender, throughout the Group, which includes the selection of Board members and key senior management. The Company believes in providing equal opportunity to candidates with merits.

Presently, there are three (3) female directors and five (5) male directors sitting on the Board that constitutes 38% female representation on the Board. The Board is of the view that the suitability of a candidate for the Board is dependent on the candidate's competency, skills, experience, expertise, time commitment, integrity and other qualities in meeting the needs of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

1. THE BOARD OF DIRECTORS (CONT'D)

1.2 Board Balance and Composition (cont'd)

Directors' Fit and Proper Policy

Following the amendments to the AMLR of Bursa Securities, the Board has adopted a Directors' Fit and Proper Policy to ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Group.

1.3 Division of Roles and Responsibilities between the Chairperson and Managing Director

The Board appreciates the distinct roles and responsibilities of the Chairperson of the Board and the Managing Director to ensure a clear and proper balance of power and authority. The roles of the Chairperson and the Managing Director are separated and distinguished with no overlapping of authority.

The Chairperson is responsible for leadership of the Board in ensuring the effectiveness of all aspects of her role. Decisions of the Board are made collectively during Board meetings. In order to ensure that meetings are properly facilitated, and the Board is properly led, the Chairperson plays a crucial and pivotal leadership role in ensuring that the Board works effectively. Additionally, the Chairperson of the Board is usually the presiding Chairperson during General Meetings of the Company.

Chairperson of the Board endeavours to create an environment which promotes constructive deliberations leading to effective contributions by each Board member during Board meetings. Furthermore, the Chairperson must be able to manage personal conflicts and help to focus the Board on what really matters as oppose to simply ploughing through the agenda.

The position of Chairperson is currently led by Ms. Phang Sze Fui, an Independent Non-Executive Director of the Company. She will chair every meeting of the Company.

The position of Managing Director is held by Mr. Tan Kong Leong. He is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as facilitator at Board meetings to ensure all Directors participate and deliberate at all Board meetings and that no Board member dominates the discussion. As the Managing Director, supported by fellow Executive Directors, he implements the Group's strategies, policies and decisions adopted by the Board and oversees the operations and business development of the Group.

The roles and responsibilities of the Managing Director are prescribed in the Company's Board Charter which can be assessed at the corporate website at <http://www.flexidynamic.com>.

2. BOARD MEETING AND ACCESS TO INFORMATION

Supply of Information

Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific request, for decisions to be made on an informed basis and effective discharge of Board's responsibilities.

Good practices have been observed for timely dissemination of meeting agenda, including the relevant Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings to facilitate informed Board decision and to deal with matters arising from such meetings. All Board members will be furnished with comprehensive board papers, to explain on pertinent issues and recommendations by Management. The issues are then deliberated and discussed in-depth by the Board prior to decision making.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

2. BOARD MEETING AND ACCESS TO INFORMATION (CONT'D)

Supply of Information (cont'd)

In addition, the Board members are updated on the Company's activities and its operations on a regular basis. All Directors have access to all information of the Company on a timely basis to enable them to discharge their duties and responsibilities.

The Directors are provided with agenda of meetings and Board papers which contain operational report and financial information to be discussed, in sufficient time prior to every Board meeting to enable them to obtain further explanation, where necessary, in order to be properly informed before the meeting.

The Chairperson of the Audit and Risk Management Committee, highlights to the Board at each Board meeting of any salient matters noted by the Audit and Risk Management Committee that may require the Board's attention or direction.

When necessary, the Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including from internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairperson of the Board, and depending on the quantum of the fees involved.

Time Commitment

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 evidenced by the attendance record of the Directors at Board and Board Committees meetings, as set out in the table below:

Name	Designation	Board
Ms. Phang Sze Fui	Independent Non-Executive Chairperson	5/5
Mr. Tan Kong Leong	Managing Director	5/5
Mr. Sin Kuo Wei	Deputy Managing Director	5/5
Mr. Liew Heng Wei	Executive Director	5/5
Ms. Lion Suk Chin	Executive Director	5/5
Pn. Noor Zaliza Yati Binti Yahya	Independent Non-Executive Director	5/5
Ir. Chong Kai Feng	Independent Non-Executive Director	5/5
Mr. Poh Chee Fong	Independent Non-Executive Director	5/5

All Board members are required to notify the Chairperson on new directorships notwithstanding that the AMLR allow a Director to sit on the boards of 5 listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

Company Secretaries

The Company Secretaries are qualified Chartered Secretaries, under the prescribed body as permitted by the Companies Act 2016. The Board members have direct access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries provide information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

2. BOARD MEETING AND ACCESS TO INFORMATION (CONT'D)

Company Secretaries (cont'd)

The Company Secretaries' roles are to:

- (a) Support the Board and Board Committees;
- (b) Update and advise the Board and its Committees in compliance with the Companies Act 2016, Company's Constitution, corporate governance and compliance with the AMLR of Bursa Securities and any other relevant authority;
- (c) Maintenance of statutory records;
- (d) As the Advisor to the Board to guide the Board on the compliance with AMLR; and
- (e) Ensure the quarterly financial results and all other relevant announcements are released to Bursa Securities on a timely basis.

The Company Secretaries play an essential role in the annual general and extraordinary general meetings in ensuring that due processes and proceedings are in place and properly managed. During the meeting, the Company Secretaries will assist the Chairperson and the Board in the conduct of the meetings and ensure the minutes are properly recorded.

The appointment and removal of Company Secretaries are matters reserved for the Board.

3. BOARD SELECTION AND ASSESSMENT

A Nomination Committee has been established, with specific terms of reference, by the Board, comprising exclusively Independent Non-Executive Directors as follows:

Name of Directors	Directorship	Attendance
<u>Chairman</u>		
Mr. Poh Chee Fong	Independent Non-Executive Director	1/1
<u>Members</u>		
Pn. Noor Zaliza Yati Binti Yahya	Independent Non-Executive Director	1/1
Ir. Chong Kai Feng	Independent Non-Executive Director	1/1

The Nomination Committee is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board.

Appointments to the Board are based on merit guided by the Fit & Proper Policy adopted by the Company, having regards to the contribution of the candidates to the Board as a whole. The Board believes that merit-based appointments will best enable the Group to serve its shareholders and stakeholders. The final decision on the appointment of a candidate recommended by the Nomination Committee rests with the Board. The Board is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the candidates.

The Nomination Committee reviews annually the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director, including Independent Non-Executive Directors. The evaluation involves completing questionnaires regarding the processes of the Board and Committee members, their performances and where improvements could be considered. These assessments were summarised and discussed at the Nomination Committee meeting which gave recommendation to the Board at the Board Meeting.

The Board has assessed the independence of its Independent Non-Executive Directors on an annual basis based on the criteria set out in the AMLR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

3. BOARD SELECTION AND ASSESSMENT (CONT'D)

All the Directors of the Company have attended the Mandatory Accreditation Programme as prescribed in the AMLR.

The Board is mindful of the importance for its members to undergo continuous training to keep abreast with changes in regulatory requirements and the impact of such regulatory requirements have on the Group.

During the financial year under review, the trainings attended by the Directors included briefings, seminars, workshops and conferences conducted by the relevant regulatory authorities and professional bodies. Details of the training programmes attended/ participated by the Directors are as follows:

Name of Directors	Seminars/Conferences/Training Programmes Attended	Date of Attendance
Mr. Tan Kong Leong	• Anti-Bribery and Corruption S.17A Corporate Liability Perspective	15 th August 2023
	• Building Strong Teams: Fostering Collaboration and Success	13 th September 2023 - 14 th September 2023
Mr. Sin Kuo Wei	• Anti-Bribery and Corruption S.17A Corporate Liability Perspective	15 th August 2023
	• Building Strong Teams: Fostering Collaboration and Success	13 th September 2023 - 14 th September 2023
Mr. Liew Heng Wei	• Anti-Bribery and Corruption S.17A Corporate Liability Perspective	15 th August 2023
	• Building Strong Teams: Fostering Collaboration and Success	13 th September 2023 - 14 th September 2023
	• Pengurusan Kutipan Hutang Pelanggan Bermasalah Syarikat Kontraktor	13 th October 2023
Ms. Lion Suk Chin	• Anti-Bribery and Corruption S.17A Corporate Liability Perspective	15 th August 2023
	• Building Strong Teams: Fostering Collaboration and Success	13 th September 2023 - 14 th September 2023
	• Budget Conference 2024	21 st November 2023
	• Environmental, Social and Governance (ESG)	24 th November 2023
Ms. Phang Sze Fui	• Post Budget 2023	14 th March 2023
	• Board of Director Leadership – ESG Essentials	21 st March 2023 – 22 nd March 2023
	• Financial Reporting on Impact of Climate Change Effects	5 th April 2024
	• Bursa: Conflict of Interest and Governance of Conflict of Interest	27 th July 2023
	• ACCA Technical Symposium 2023	21 st September 2023
Pn. Noor Zaliza Yati Binti Yahya	• Board of Directors ESG Awareness Training	22 nd February 2023
	• Sustainability Series – (Re) Building the Board for Innovation	28 th February 2023
	• Board of Director Leadership – ESG Essentials	21 st March 2023 – 22 nd March 2023
	• Financial Reporting on Impact of Climate Change Effects	5 th April 2024
	• MIA International Accountants Conference 2023	13 th June 2023 – 14 th June 2023
	• Management Of Cyber Risk	3 rd October 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

3. BOARD SELECTION AND ASSESSMENT (CONT'D)

During the financial year under review, the trainings attended by the Directors included briefings, seminars, workshops and conferences conducted by the relevant regulatory authorities and professional bodies. Details of the training programmes attended/ participated by the Directors are as follows (cont'd):

Name of Directors	Seminars/Conferences/Training Programmes Attended	Date of Attendance
Ir. Chong Kai Feng	• Board of Directors ESG Awareness Training	22 nd February 2023
	• Board of Director Leadership – ESG Essentials	21 st March 2023 – 22 nd March 2023
	• Conflict of Interest and Governance of Conflict of Interest	15 th August 2023
	• Management of Cyber Risk	3 rd October 2023
	• The 11th International Conference on Business, Accounting, Finance and Economics (BAFE) 2023	25 th October 2023
	• SC's Audit Oversight Board Conversation with Audit Committees	27 th November 2023
Mr. Poh Chee Fong	• Board of Director Leadership – ESG Essentials	21 st March 2023 – 22 nd March 2023
	• Financial Reporting on Impact of Climate Change Effects	5 th April 2023
	• MIA's The Arrival of ISSB Standards and the Continued Relevance of Integrated Reporting	4 th September 2023
	• Crisis Management	14 th September 2023
	• Management of Cyber Risk	3 rd October 2023

In addition, the Directors' training also includes briefings by the Company Secretaries and the external auditors from time to time during the Board and ARMC meetings on the relevant updates pertaining to statutory and regulatory requirements.

Re-election of Directors

In accordance with the Company's Constitution, at least one-third (1/3) of the Board shall retire by rotation at each Annual General Meeting ("AGM") at least once in every three (3) years but shall be eligible for re-election. The Constitution further provides that a Director who is appointed during the year shall be subject to re-election at the next AGM to be held following his appointment. Directors who are due for retirement and subject to re-election at the AGM will be assessed by the Nomination Committee guided by the Fit & Proper Policy adopted by the Company, whose recommendations will be submitted to the Board for consideration, thereafter to be tabled to shareholders for approval at the AGM.

During the financial year ended 31 December 2023, none of the Independent Non-Executive Directors has served on the Board for more than nine (9) years.

4. BOARD REMUNERATION

A Remuneration Committee has been established by the Board, comprising exclusively of Independent Non-Executive Director as follows:

Name of Directors	Directorship	Attendance
<u>Chairman</u>		
Ir. Chong Kai Feng	Independent Non-Executive Director	1/1
<u>Members</u>		
Pn. Noor Zaliza Yati Binti Yahya	Independent Non-Executive Director	1/1
Mr. Poh Chee Fong	Independent Non-Executive Director	1/1

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

4. BOARD REMUNERATION (CONT'D)

The Remuneration Committee has been entrusted by the Board to determine that the levels of remuneration are sufficient to attract and retain Directors of quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors. In the case of Independent Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Independent Non-Executive Directors concerned.

Details of Directors' remuneration for the financial year ended 31 December 2023 in the Group are as follows:

Name of Directors	Fees RM	Salaries and Other Emoluments RM	EPF RM	Benefit- in-kind RM	Total RM
Company					
Executive Directors:					
Mr. Tan Kong Leong	15,000	-	-	-	15,000
Mr. Liew Heng Wei	15,000	-	-	-	15,000
Ms. Lion Suk Chin	15,000	-	-	-	15,000
Mr. Sin Kuo Wei	15,000	-	-	-	15,000
Independent Directors:					
Ms. Phang Sze Fui	60,000	3,000	-	-	63,000
Pn. Noor Zaliza Yati Binti Yahya	30,000	3,000	-	-	33,000
Ir. Chong Kai Feng	24,000	3,000	-	-	27,000
Mr. Poh Chee Fong	24,000	3,000	-	-	27,000
Grand Total	198,000	12,000	-	-	210,000

Name of Directors	Fees RM	Salaries and Other Emoluments RM	EPF RM	Benefit- in-kind RM	Total RM
Subsidiary					
Executive Directors:					
Mr. Tan Kong Leong	-	381,150	53,021	41,350	475,521
Mr. Liew Heng Wei	-	299,000	40,710	17,400	357,110
Ms. Lion Suk Chin	-	269,100	36,639	15,950	321,689
Mr. Sin Kuo Wei	-	249,600	33,984	17,400	300,984
Grand Total	-	1,198,850	164,354	92,100	1,455,304

The aggregate remuneration of the key senior management of the Group during the financial year ended 31 December 2023 categorised into the various bands are as follows:

Key Senior Management	Remuneration band (In band of RM50,000)	
	Remuneration (RM)	Benefit-in-kind (RM)
Ms. Chen Li Chin	200,000 - 250,000	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

5. AUDIT AND RISK MANAGEMENT COMMITTEE

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of the Group's results to Bursa Securities and the annual financial statements of the Group and Company. The Board is assisted by the Audit and Risk Management Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

The Audit and Risk Management Committee assists the Board to discharge its duties on financial reporting. The composition of the Audit and Risk Management Committee, including its roles and responsibilities, are set out in the Audit and Risk Management Committee Report of this Annual Report. One of the key responsibilities of the Audit and Risk Management Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

The Board is committed in upholding the integrity of the group financial reporting. The Audit and Risk Management Committee is responsible to assess, evaluate and recommend the External Auditors to ensure they are of the right calibre with professional ethics and integrity. The Audit and Risk Management Committee also reviews the types of non-audit services permitted to be provided by the External Auditors of the Company so as not to compromise their independence and objectivity.

In assessing the independence of the External Auditors, the Audit and Risk Management Committee will require written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

6. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Audit Committee was merged together with the Risk Management Committee to form the Audit and Risk Management Committee.

The Board has authorised the Audit and Risk Management Committee to review the effectiveness of the internal audit function and to provide oversight on the establishment and implementation of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy.

As an effort to enhance the system of internal control, the Board, together with the assistance of external professional Internal Audit firm adopted on-going monitoring and review the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit and Risk Management Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated, and consideration is given to the potential impact of achieving the business objectives. This includes examining principal business risks in critical area, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks. The Statement of Risk Management and Internal Control is set out in this Annual Report which provides an overview of the management of risks and state of Internal Control within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

7. CONTINUOUS COMMUNICATION BETWEEN COMPANY AND STAKEHOLDERS

The Board recognises the importance of being transparent and accountable to the Company's investors and, as such, has various channels to maintain communication with them. The various channels of communications are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars when necessary, the Annual and Extraordinary General Meetings and through the Group's website where shareholders can access pertinent information concerning the Group.

8. SHAREHOLDERS PARTICIPATION AT GENERAL MEETINGS

The Company's AGM serves as a principal forum for shareholders dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. Shareholders are encouraged to communicate with the Board at the AGM and to vote on all resolutions.

The forthcoming AGM will be the fifth AGM of the Company.

A notice period of at least 28 days was given prior to the fourth AGM in line with Practice 13.1 of the MCGG to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed.

In line with the AMLR, all resolutions tabled at general meetings was voted by way of poll. An independent scrutineer was appointed to validate the votes cast. The outcome of the fourth AGM was announced to Bursa Securities on the same day the meeting was held.

The fourth AGM was conducted on a fully virtual basis on 23 June 2023. All the Directors together with the Key Management team and External Auditors attended the fourth AGM to answer any queries from the shareholders.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is satisfied that throughout the financial year ended 31 December 2023, the Company has applied the principals and recommendations of the corporate governance set out in MCGG, where necessary and appropriate.

This Corporate Governance Overview Statement is made by a resolution of the Directors dated 24 April 2024.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The principal objective of the Audit and Risk Management Committee (“**ARMC**”) is to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of Flexidynamic Holdings Berhad and its subsidiaries (“**Group**”).

COMPOSITION AND DESIGNATION OF ARMC MEMBERS

The ARMC comprises of all independent non-executive directors. The ARMC members are as below:-

Designation	Name of Directors	Directorship
Chairperson	Pn. Noor Zaliza Yati Binti Yahya	Independent Non-Executive Director
Member	Ir. Chong Kai Feng	Independent Non-Executive Director
Member	Mr. Poh Chee Fong	Independent Non-Executive Director

COMPOSITION COMPLIANCE

The ARMC Chairperson, Pn. Noor Zaliza Yati Binti Yahya, is a member of the Malaysian Institute of Accountants. The ARMC, therefore, meets the requirement of Rule 15.09 of the ACE Market Listing Requirements.

None of the members of the ARMC were former audit partners of the External Auditors appointed by the Group.

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2023, the ARMC held five (5) meetings. Details of the attendance of ARMC members are as follow:-

Name of Committee Member	Attendance
Pn. Noor Zaliza Yati Binti Yahya	5/5
Ir. Chong Kai Feng	5/5
Mr. Poh Chee Fong	5/5

The Managing Director, the other Executive Directors, key management personnel, external auditors and outsourced internal auditors also attended the meetings when invited by the ARMC to provide information and present reports during the deliberation of matters pertaining to their respective areas.

TERMS OF REFERENCE

The Terms of Reference of the ARMC can be viewed at the Company’s website at <http://www.flexidynamic.com>.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONT'D)

SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE DURING THE FINANCIAL YEAR

During the financial year ended 31 December 2023, the ARMC carried out the following activities and discharged its duties as outlined in the Terms of Reference:-

(a) FINANCIAL REPORTING

- (i) Reviewed the quarterly unaudited financial results of the Group for announcement to Bursa Securities before recommending them for the Board's approval. The review was to ensure that the unaudited quarterly financial results were prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134, International Accounting Standard 34: Interim Financial Reporting, and provisions of the Listing Requirement of Bursa Securities.
- (ii) Reviewed the audited financial statements of the Group and the Company for the financial year ended 31 December 2022 prior to their submission for consideration and approval by the Board. The review was to ensure that the audited financial statements were drawn up in accordance with the requirements of the Companies Act 2016 and the applicable MFRS and International Financial Reporting Standards.
- (iii) Reviewed the Annual Report for the financial year ended 31 December 2022 prepared by the management before submission to the Board for approval, and ensuring its timely announcements to the Bursa Securities.

(b) ANNUAL REPORTING

- (i) Reviewed the ARMC Report, Corporate Governance Overview Statement and Statement of Risk Management and Internal Control before recommending to the Board for approval, for inclusion in the Annual Report.

(c) RELATED PARTY TRANSACTIONS

- (i) Reviewed the related party transactions entered into by the Group on quarterly basis to ensure such transactions are undertaken on arm's length basis and on normal commercial terms not more favourable to related party than those generally available to the public, and proper disclosures are made pursuant to the Listing Requirements, as and when necessary.

(d) EXTERNAL AUDIT

- (i) Reviewed and discussed with the external auditors on the results of the audit, audit report and areas of concern highlighted in the management letter, including management's responses to the concerns raised by the external auditors on the financial statements of the Group for the financial year ended 31 December 2022.
- (ii) Reviewed and discussed with the external auditors on their audit planning memorandum for the financial year ended 31 December 2023 covering of their scope of audit, methodology, timetable, areas of focus prior to the commencement of their annual audit and proposed audit fee.
- (iii) Assessed the performance and independence of the external auditors.

(e) INTERNAL AUDIT

- (i) Reviewed and discussed with the internal auditor on the results of the audit reports which outlined the recommendations towards correcting areas of weaknesses and ensured that management action plans were established for the implementation of the internal auditors' recommendations.
- (ii) Reviewed and followed up on the actions taken by Management in addressing the issues and recommendations raised by internal auditors.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONT'D)

INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to Sterling Business Alignment Consulting Sdn. Bhd., an independent professional consulting firm, assisted the ARMC and the Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

During the financial year under review, the Internal Auditors carried out the following activities:-

- (a) Reviewed the Human Resources and Administration functions of Flexidynamic Engineering Sdn Bhd.
- (b) Reviewed the Project Management function of Flexidynamic Engineering Sdn Bhd.
- (c) Presented the report on the internal control reviews highlighting the key audit findings together with the recommendations for improvement as well as management responses and action plans, to the ARMC for deliberation.
- (d) Performed follow-up reviews in assessing the progress of the agreed management's action plans and report to the ARMC.

The Internal Auditors will report directly to the ARMC on its activities based on the approved internal audit plans.

The fees incurred by the Group in relation to the outsourced internal audit function for the financial year ended 31 December 2023 were RM39,220.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("**Board**") of Flexidynamic Holdings Berhad ("**Flexidynamic**" or "**the Company**") is pleased to present the Statement on Risk Management and Internal Control ("**Statement**") which outlines the nature and scope of risk management and internal control system of Flexidynamic Holdings Berhad and its subsidiaries ("**the Group**") for the financial year ended 31 December 2023 ("**FYE 2023**"). This Statement has been prepared in compliance with Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and Principle B of the Malaysian Code on Corporate Governance ("**MCCG**") with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets, as well as reviewing its effectiveness, adequacy and integrity on a regular basis. In acknowledging that having a sound risk management and internal control system is imperative, the Board has established a governance structure that ensures effective oversight of risks and internal controls within the Group at all levels.

The Board focuses on effective risk oversight which is critical in setting the tone and culture towards effective risk management and internal control. The Board has established an ongoing process for identifying, evaluating, managing and monitoring the significant risks faced by the Group, and this process includes enhancing the system of risk management and internal controls as and when there are changes to the business environment or regulatory guidelines.

The system is designed to manage the Group's key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the business objectives. Accordingly, the system of risk management and internal controls of the Group can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT FRAMEWORK

The Board regards the management of core risks as an integral and critical part of the day-to-day operations of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial year under review enables the Group to make cautious, mindful and well-informed decisions through formulation and implementation of requisite action plans and monitoring regime which are imperative in ensuring the accomplishment of the Group's objectives.

The Board is assisted by the Audit and Risk Management Committee ("**ARMC**") to provide oversight, direction and counsel to the Group's risk management process by identifying and assessing risks, and making recommendations to monitor, evaluate, manage and mitigate such risks throughout the business operations particularly in respect of key risks which the Group faces on a regular basis. In addition, the Management Team is responsible for implementing the Group's policies and procedures on risk and internal control to identify, evaluate, measure, monitor and report risks as well as deficiencies and non-compliance with internal controls, and for taking appropriate and timely remedial actions as required.

The responsibilities of the ARMC in relation to risk management are as follows:-

1. To oversee and recommend the risk management policies and procedures of the Group;
2. To review and recommend changes as needed to ensure that the Group has in place at all times a risk management policy which address the strategies, operational, financial and compliance risk;
3. To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors the Group's business risks;
4. To set reporting guidelines for Management to report to the committee on the effectiveness of the Group's management of its business risks;
5. To review the risk profile of the Group and to evaluate the measure taken to mitigate the business risks; and
6. To review the adequacy of Management's response to issues identified to risk registers, ensuring that the risks are managed within the Group's risk appetite.

The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the ARMC. This helps to reduce the uncertainties surrounding the Group's internal and external environment, thus allowing it to maximise opportunities and minimise adverse incidences that may arise.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of internal audit function. The Group had engaged an independent professional consulting firm, Sterling Business Alignment Consulting Sdn Bhd as its Internal Control Consultant to provide independent assurance to the Board and ARMC in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

The Internal Auditor reports directly to the ARMC during the ARMC meeting. The Internal Auditor is free from any relationship with the Board and Management or any conflict of interest in the operations and activities of the Group, which could impair their objectivity and independence. The Board will continue to outsource its internal audit function to the independent consulting firm to provide independent evaluation of the system of internal control of the Group.

Internal audits are carried out based on the annual audit plan approved by the ARMC. The internal auditors use the Committee of Sponsoring Organisations of the Treadway Commission (COSO) internal Controls – Integrated Framework as a basis in evaluating the effectiveness of internal control systems of the Group. The components of the COSO framework encompasses Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring Activities.

The consulting firm presents to the ARMC the internal audit reports on a quarterly basis. The assessment of the adequacy and effectiveness of internal control established in mitigating risks is carried out through interviews and discussion with the Management team, review of relevant established policies and procedures and authority limits, and observing and testing of the internal control on a sampling basis.

During the financial year ended 31 December 2023, the consulting firm undertook internal control audits covering 2 internal audit reviews and 2 follow up status reviews on the subsidiary, Flexidynamic Engineering Sdn Bhd:-

Reporting month	Audit period	Audit areas
May 2023	1st Quarter (January 2023 – March 2023)	Human Resource and Administration
August 2023	2nd Quarter (April 2023 – June 2023)	Follow up status review
November 2023	3rd Quarter (July 2023 – September 2023)	Project Management
February 2024	4th Quarter (October 2023 – December 2023)	Follow up status review

The consulting firm has presented its audit findings and recommendations together with Management's responses and action plans to the ARMC. Subsequent review will be carried out to follow up on the status of implementation of Management's action plans and report to the ARMC accordingly.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL AUDITORS

The other key elements of the Group's internal control system include:-

1. Well-defined organisational structure with clear lines of authority, limits of authority, accountability and responsibilities of the Managing Director, Executive Directors and Senior Management;
2. Clearly defined terms of reference, authorities and responsibilities of the various Board committees which include the ARMC, Remuneration Committee and Nomination Committee;
3. Clearly defined and formalised policies and procedures and guidelines are in place to support the Group in achieving its corporate objectives. These policies and procedures including Anti-Bribery and Anti-Corruption Policy provide a basis for ensuring compliance with applicable laws and regulations, and also internal controls with respect to the conduct of business;
4. Clearly documented internal procedures in respect of operational processes as set out in the ISO 9001:2015 for Quality Management System; and
5. The Management Committee meets regularly to discuss key operational and management issues. Under the purview of the Managing Director, the heads of the respective operational units of the Group are empowered with the responsibilities of managing their respective operations and business.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report for the financial year ended 31 December 2023. The external auditors have reported to the Board that, based on their review procedures performed and evidence obtained, nothing has come to their attention that causes them to believe that this Statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

ASSURANCE TO THE BOARD MEMBERS

The Board is of the opinion that the Group's risk management and internal control systems are satisfactory and has no internal control failure nor any significant weaknesses that resulted in any loss to the Group during the financial year under review. The Board is also cognizant that the Group's risk management framework and system of internal control must be continuously reviewed and evolved to meet the changing and challenging business environment. The Group is committed to continuing to take all necessary measures to strengthen the risk management and internal control system to further enhance its effectiveness to ensure all identified risks are managed on a timely basis and are within tolerance limits.

The Board is satisfied that the Group's risk management framework and system of internal control are operating adequately and effectively in all material aspects for the financial year ended 31 December 2023.

The Managing Director and Financial Controller of the Group have given the Board the assurance that the Group's risk management and internal control system have been operating adequately and effectively in all critical aspects.

The Statement was approved by the Board on 24 April 2024.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016, Malaysia Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at the end of the financial year and of the financial performance and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2023, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act 2016.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES

Details of statutory audit, audit-related and non-audit fees paid/payable in the financial year ended 31 December 2023 to the external auditors are set out below:-

Fees paid/payable to Messrs Grant Thornton Malaysia PLT (RM'000)

Description	Company	Subsidiary	Total
Audit fees	25	53	78
Non-audit Fees	10	-	10

2. MATERIAL CONTRACTS

There were no material contracts entered into by the Group which involves directors and major shareholders' interest during the financial year.

3. UTILISATION OF PROCEEDS

Pursuant to the approval obtained from shareholders in the fourth AGM on 23 June 2023, the Company had on 2 January 2024 announced a proposed private placement of up to 28,467,900 new ordinary shares representing approximately 10% of the total number of issued shares of the Company, to independent third-party investor(s) ("**Proposed Private Placement**").

Bursa Malaysia Securities Berhad ("**Bursa Securities**") had, vide its letter dated 31 January 2024, approved the Proposed Private Placement.

The following 15,000,000 placement shares were placed out, duly listed and quoted in the ACE Market of Bursa Securities.

Listing Date	Placement Shares	Proceeds	Utilised
11 March 2024	15,000,000	RM2,175,000	RM2,175,000

ADDITIONAL COMPLIANCE INFORMATION

(CONT'D)

4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The breakdown of the aggregate value of the RRPT made during the financial year ended 31 December 2023 is as follows: -

Transacting parties	Interested persons	Nature of transaction	Aggregate value of RRPT for 31 December 2023 (RM'000)
Phitchaya Arsangku and Flexidynamic Thailand	(i) Tan Kong Leong, our Promoter, substantial shareholder and Managing Director, is the husband of Phitchaya Arsangku	Lease payment	25
ZYL Dynamic Sdn Bhd ("ZYL") and Flexidynamic Engineering	(i) Tan Kong Kee, the Director and shareholder of ZYL, is the brother of Tan Kong Leong	Rental expenses of premise	66
	(ii) Chin Nyuk Fong, the Director and shareholder of ZYL, is the sister-in-law of Tan Kong Leong		
Mega Surplus Sdn Bhd ("Mega Surplus") and Flexidynamic Engineering	The Directors and shareholders of Mega Surplus, namely:	Purchase of sawn timber	-
	(i) Tan Eng Cheong is the father of Tan Kong Leong; and	Sales of trading good	4
	(ii) Tan Kong Wee and Tan Kon How are the brothers of Tan Kong Leong, our Promoter		